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News Summary

GENERAL

Ulster security net for Wilson

Ulster was bracing yesterday for developments this week expected to prove of major political importance: the publication of the Compton Report tomorrow and the five-day visit, starting today, of Opposition leader Wilson.

Stringent security measures are being taken for Mr. Wilson's visit in expectation of Protestant demonstrations. He will meet Premier Faulkner as well as representatives of the Catholic community.

Meanwhile, it is expected that a Compton report will clear curfew forces of general charges of brutality against detainees, though it may arouse some dissent over the treatment of some individuals. Back Page.

Indian restraint in border crisis

Indian jet fighters were expected to have made another incursion into Indian air space yesterday as both Governments continued to accuse each other of military provocation. In New Delhi, however, Mrs. Gandhi, reporting to the Cabinet on her return, indicated she would use restraint in dealing with the crisis. Page 7.

hip attack

Attack of two small ships which attacked the British cargo ship, City of St. Albans, off Pakistan continued a story. Both were blacked out when they attacked, reportedly firing the City of St. Albans 40 ft with tracer and shells.

World Cup win U.S. pair

U.S. won the World Cup competition, Jack Nicklaus 69, 63, 71, and Lee Trevino 69, 71, 69, beating South Africa's Gary Player and Harold Henning by 12 strokes. England's Jacklin and Peter Oosterhuis finished joint sixth. Back Page.

dy Fleming here

Fleming, widow of the disgraced pilot, was flown to London yesterday after being released from Greece, where she had been sentenced to 16 months for allegedly plotting to help a prisoner escape. Her release was suspended for eight months because of her poor health. The Greek Government might say she had been debarred of her Greek citizenship.

ree escape in Dartmoor

Set up roadblocks around moor after three prisoners over the prison wall in the Dartmoor escape for over two years. The men involved were sentenced to between ten and ten years.

near, yet . . .

er 9, which has become first man-made satellite to another planet, took photos of Mars from a distance of 580 miles, but they could be heavily obscured.

membering

Queen led the nation's quest to the dead of two wars in the traditional Remembrance Day service at the Cenotaph in Whitehall. After hundreds paid their tributes.

Euston show

MP Leslie Hockley has a Commons question asked at British Railways should be told passengers they are being watched—cameras high in the roof of Euston station. BR says they are for crowd control.

round of the SALT opens

by in Vienna today. Page 4.

Premier Castro hinted at

le military aid for Chile speech at Santiago. Page 7.

um Bond 2E2 020802 won

week's £25,000. The winner is Wigtownshire.

people died, three were

when their car hit a lamp post in Glasgow.

BUSINESS

Mobil has £13m. plan for Coryton

Mobil Oil plans a £13.5m. expansion at its refinery at Coryton, Essex, to raise capacity from 140,000 barrels a day to 180,000. Among other improvements, crude oil storage is to be increased by two 650,000-barrel tanks. Other oil groups also responding to expectation of higher demand include Esso and Amoco, at Milford Haven; Shell at Shell Haven and Stanlow; and BP which is studying plans for Grangemouth. Overall U.K. refinery capacity, now 2.25m. barrels a day, is likely to reach 2.7m. by 1973 and 3m. by 1975. Back Page.

FIRST OFFER FOR SALE of shares in U.K. North Sea oil and gas company is to be made this week. One quarter of the 5m. 10p shares of Oil Exploration (Holdings) will be offered at 40p each. The company, formed in 1964 by Ionian Bank and others, has a 4.26 per cent. stake in a consortium led by Phillips Petroleum—which, with the Arpet group, supplies natural gas to the Gas Council from the Hewett Field off Norfolk. Pages 27 and 28.

French move could affect Jaguar jet

FRENCH PURCHASES of Jaguar (Anglo-French) tactical support aircraft for which Rolls-Royce makes engines, may be affected by the possibility that France may buy back from Israel the 50 Mirage V jets on which President de Gaulle put a sales ban in 1967. In secret talks Israel, it is said, has insisted that it re-sells the Mirages, which are still in France, they must not be sold by France to an Arab State or any other country. The Mirages are destined for France's Air Force, it is believed. Page 27.

AIRLINE PROFITABILITY is the subject of a major review started by IATA, the world airlines' body. A preliminary report is planned for next March to outline possible improvements. Stated aims include stress on innovations and productivity, and more unity in market policies, notably over demands for low fares. Page 11.

NON-RETURNABLE PACK-AGE problem should be studied by a Government-backed working party, Cadbury Schweppes has suggested to the Environment Department. This follows talks between Lord Watkinson, chairman of Cadbury Schweppes, with the Friends of the Earth, the anti-pollution body which made the company the target in its campaign against non-returnable bottles. Page 4.

TALKS WITH UNION leaders have been requested by the Labour Party to draft an Industrial Relations Bill, for a future Labour Government, replacing the new Act. The talks, involving the TUC, Labour Party national executive and the Labour Parliamentary group, will be part of discussions on public ownership, multi-national companies and an economic policy. Page 27.

Engineering pay contest

ENGINEERING EMPLOYERS answering unions' claim for an extra £700m. — including an across-the-board rise, higher minimum rates, equal pay, a shorter week and longer holidays — is likely tomorrow to offer only a small rise in the minima. The employers will make no across-the-board offer, it is thought, and will firmly defend the 40-hour week. The national talks may break down, in which case claims on individual employers could follow. Back Page.

WEST GERMAN METAL workers' union chiefs, meeting today, seem likely to decide to call a strike in the Stuttgart area to back an 11 per cent. pay claim, following a 90 per cent. majority in a strike ballot. But yesterday an employers' spokesman spoke of renewed negotiations on a 7 per cent. rise for 12 months. Back Page.

COMPANIES

MARLING INDUSTRIES first-half profit has risen to £145,000 (£123,000), helped by the consolidation policy. Interim is again 5 per cent. Marling is agreed terms to acquire Euro-drugs in a flat in chem. supplies of fibre bonded as Street, Barnsley. They acoustic insulation materials and gear in court next month. adhesives. Page 28.

Crucial Rhodesian talks open to-day

BY BRIDGET BLOOM AND TONY HAWKINS, Salisbury, Nov. 14.

THE decisive and possibly final round of Anglo-Rhodesian settlement talks starts here to-morrow when Sir Alec Douglas-Home is scheduled to hold a private meeting with Mr. Ian Smith soon after his arrival.

At this meeting, the programme will be finalised for the ensuing days, which will involve Sir Alec and his team in talks not only with Rhodesian Government leaders but also with "representative Rhodesian opinion," including African.

There is considerable optimism here, although with so many past failures there are few people who, at this stage at least, will take an outright bet on a successful outcome. Part of the trouble is that so few details are yet known of what has so far been agreed at the painstakingly slow exploratory talks.

Theories

One theory is that the cautious and pessimistic noises which have emanated from both Sir Alec and Mr. Smith in the past week or two cover up an already very wide area of mutual agreement. Both men, those who support this view argue, must appear pessimistic to avoid, for their very different political reasons, an accusation of "selling out" even though a settlement is virtually a fact already.

But there is also a considerable body of opinion which, drawing on past experience, sees the two sides as ultimately irreconcilable. The next few days will show which of these two opposed views is right—although it seems clear that both the British team and the Rhodesians will do their best to keep the actual content of the discussions secret.

The points at issue are only too clear, although it is widely accepted that scope for compromise does exist. The main question is still whether that compromise can be kept to the satisfaction of Sir Alec within the five principles. It seems probable that Mr. Smith—for all his bluster about not compromising on his principles—has already conceded the first British principle of progress towards majority rule. But one crucial point in any settlement must be how and when that majority rule is achieved.

There are two elements in negotiations on this issue. The first is the constitutional machinery for achieving majority rule, and the second is the time scale.

It has been reported (and never denied) that Lord Goodman's talks included the possibility of a two-stage deal whereby Africans in Parliament would progress towards parity with Europeans after which, in an obscurely defined way, they would advance to a majority position. This begs all sorts of practical questions, not least the extreme difficulty of defining at least a decade in advance the machinery for the achievement of the second stage.

What seems more logical is a reversion to a Tiger/Fearless formula with entrenched blocs of black and white seats in Parliament and a middle area of common seats to be chosen by a common roll with a fairly stiff qualification.

This is where the time factor enters. From the British viewpoint, seeking "unimpeded progress towards majority rule,"

there are too many ways in which a Rhodesian Government could hinder such progress merely through its control of the administrative machinery—African education, delimitation of constituencies and even job reservation.

Time scale

The real gap is likely to be about the time scale. The Rhodesian idea of African advance as enshrined in the 1969 constitution envisages eventual parity between the 275,000 "Europeans" (whites, coloureds and Asians) and the 5.2m. blacks when both groups pay equal amounts of personal income-tax. Tax figures published at the week-end for 1970 show the African contribution at just over 1 per cent. of the total. It has been estimated that even on favourable assumptions it would take some 500 years to reach parity.

In other words, even if the two sides can manage to agree on the ultimate objective and on the means of approaching it, there would still be tough bargaining on the time scale.

Unintimately tied in with the first principle is the second requiring guarantees against retrogressive amendment of the constitution. It is thought that Sir Alec would be prepared to abandon the "external guarantee" of appeal to the Privy Council—ostensibly the reason for failure of the Fearless talks.

However, it is believed that he will insist strongly on an internal guarantee of securing a "blocking" quarter or third of elected Africans without whose agreement amendment of the

entrenched clauses of the constitution would be impossible. To put it crudely, the difficulty here from the British point of view will be to ensure that the "blocking group" of Africans is large enough to obviate the danger of their being "bought over" by the Rhodesian Government.

A possible variation which has been suggested recently is that any amendment to the entrenched clauses should have to be supported by the majority of elected Africans. But it is hard to see Mr. Smith being prepared to accept this.

Principle Three—an immediate improvement in the political status of the Africans—is likely to have proved the least demanding obstacle. It is quite feasible to extend the franchise to do this (on a lower or African roll) without affecting representation—which is what really counts.

But Principle Four poses a major snag. This calls for progress towards ending racial discrimination. The Fearless agreement called for the establishment of a commission to study and make recommendations on the problems of racial discrimination, including what is now the Land Tenure Act. Thereafter, there would be a standing commission established to review progress.

Since Fearless, the Land Tenure Act (replacing Land Apportionment) has been introduced and entrenched in the new constitution, which the previous Land Act was not. Recently, too, the Rhodesian Government has been showing signs of intending to implement the Act by the removal of Africans from mission land in white areas. It has subsequently

Continued on Back Page

Connally's currency warning

BY PAUL LEWIS, U.S. EDITOR

THE U.S. Treasury Secretary, Mr. John Connally, returned here over the week-end from his talks with the Japanese Government on the economic crisis to issue a blunt warning that the present period of floating exchange rates was not hurting America and could continue "for an almost indefinite period."

At an airport briefing, he said that, while the Japanese wanted an early end to the uncertainty caused by President Nixon's August programme, and the discussions in Tokyo had been conducted "with understanding and mutual sympathy," neither side had sought or offered any specific agreement.

In the meantime, he saw no danger of the U.S. import surcharge sparking off an international trade war ("In periods of uncertainty, you get all kinds of predictions," the Treasury Secretary said). The domestic economy had made a promising start on its recovery course, and there was therefore, no reason why the world currency float should not continue indefinitely.

Highlight

As usual, Mr. Connally's remarks mixed toughness with reassurance. And, while it would be unwise to attribute too much importance to them when he is due to set out his thinking in greater detail in a major speech on Tuesday, the least one can say is that they have provided a somewhat ominous opening note for a week of exceptional importance for the domestic American economy and the world trading picture.

From the international point

of view, the highlight of the week undoubtedly will be the Treasury Secretary's address to the New York Economists Club on Tuesday evening.

It offers a chance to provide an up-to-date statement of administration's thinking on the American import surcharge and world monetary reform, following the negotiations with Japan and other trading partners and its decision to postpone the next ministerial meeting of the Group of Ten until after the summit talks between President Pompidou of France and the West German Chancellor.

In domestic terms, the next few days will be of particular importance since they not only mark the opening of Phase Two of President Nixon's economic stabilisation programme, but they should also reveal how far organised labour is prepared to co-operate with the administration's incomes policy. The new controls on wages and prices officially came into force at mid-night on Saturday with the ending of the 90-day freeze, and on Wednesday the AFL-CIO (the American equivalent of the TUC) will be meeting in Miami to review its grievances over them.

Both the domestic and foreign aspects of the President's new economic policy will come together at the international trade conference that opens in New York to-morrow and also in Wall Street's behaviour next week after its recent substantial fall. The conference may show how far the foreign trading community shares Mr. Connally's sanguine

view. During his talks in Tokyo, the Treasury Secretary was hoping at least to sketch out the basis for a settlement with the country that has made the biggest contribution to the American payments deficit and is now the largest official dollar holder in the world. A bi-lateral understanding of this kind would increase the pressure on the Europeans to settle more quickly.

At present, it is difficult to judge what success Mr. Connally enjoyed. Although his trip was

carefully prepared, and there have been some signs of late that the two sides were moving closer together, his suggestion of another meeting with Japanese ministers in about six weeks' time, either in Anchorage or Honolulu, casts a shadow of doubt over the prospects for a solution to the surcharge question this year.



Mr. John Connally

The American attitude towards the Europeans also points in this direction. For, while Mr. Connally's decision to postpone this month's ministerial confrontation in Rome shows he is more worried than he admits about the effect of continued disagreement on business confidence, it was primarily intended to give Chancellor Brandt and President Pompidou another chance to sink their differences and reach a common position.

However, even if the two leaders can agree on a new fixed parity between the franc and the mark, and the French government softens its hostility towards any appreciation of its currency, there is no sign that the Europeans and Japan as a group will drop their demand that the U.S. participates in a realignment by devaluing the dollar itself.

For this reason, there is growing pressure on the U.S. Treasury at least to announce its willingness to fix a lower parity for the dollar in terms of the IMF Special Drawing Right, with which it wishes to replace gold as the basis of the monetary system.

WASHINGTON, Nov. 14.

Parities

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Each of the companies has designed a two-catalyst system, "comparatively small and simple," to quote a British Leyland engineer, which in low-mileage trials on the Morris Marina fulfils all these demands. These are straight-through systems, requiring no recycling of the exhaust, and no controls. Lead "poisons" the catalysts, but it is assumed that by the time the system is required, the catalysts containing lead will be forbidden.

Coventry, in engineering catalytic emission control systems. The primary goal has been to meet the U.S. Federal regulations expected to come into force in 1975-76, which are extremely severe.

They demand a 97 per cent. reduction in carbon monoxide emitted, a 98 per cent. reduction in hydrocarbons, and a 90 per cent. reduction in oxides of nitrogen, compared with the untreated exhausts. Eliminating the highly toxic oxides of nitrogen was generally regarded as the most difficult demand to meet.

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Close strike majority at Coventry

BY PETER CARTWRIGHT, MIDLANDS CORRESPONDENT

IF ENGINEERING union leaders to-morrow back their Coventry District Committee's decision to begin an all-out strike next Monday it will be against the wishes of the majority of those at most of the 37 factories involved.

This is quite clear from the results of the balloting—a straight for or against an all-out strike—which I was able to obtain at the week-end.

The slender majority for strike



Mr. Hugh Scanlon

AEUW president, faced with the situation at Coventry and also a national wage claim—See back page.

Ferguson voted against, as did a majority of the smaller federated firms.

A factory-by-factory breakdown of the voting will be put in front of members of the engineering union's executive to-day by Mr. Jim Griffin, president and shop stewards' convenor at Triumph, and Mr. Andy Boyle, secretary of the district committee.

They will also make personal reports on the dispute, which is over the termination by Coventry Engineering Employers' Association of the 30-year-old agreement that tied the rates of toolroom workers to the average for highly paid skilled production workers.

Rules snag

The association wants to replace it by individual plant bargaining. This has led to ten Monday strikes by more than 7,000 workers, counting to-day, costing more than £400, in lost production. For four Tuesdays the employers have locked the men out in retaliation. There will be another lock-out to-morrow.

An official all-out strike at Coventry would quickly put about 50,000 workers out of jobs and cost the engineering union £50,000 a week at least in strike pay.

Although Coventry District Committee argues that a straight majority is in this instance sufficient to call a strike, union rules say there must be a 60 per cent. vote for a district strike.

The union executive must therefore decide whether the 54 per cent. for striking which the voting disclosed justifies, in view of the way it went at most factories, endorsing a strike next Monday.

Meanwhile the employers' association, which has been accused of being arrogant and truculent, said last night it was willing to meet the union again, at local or national level, at any time if there was a genuine intention to resolve the problem.

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Letters to the Editor

BRACKEN HOUSE, CANNON STREET, LONDON, EC4

N. Ireland

Sir—I write with respect to Joe Rogaly's article about the "reunification" of Ireland on November 3. It was based, it seems to me, on the same fallacy as British policy towards Ireland between 1886 and 1914. The fallacy is that Ireland is one nation, wrongly divided, and destined to be reunited. The fact of the matter, however, is that Ireland is two nations, different socially, culturally, territorially, psychologically and politically. (Before the Anglo-Irish Free Trade Agreement of 1922, we could also have said "economically".)

The problem is that the Catholic nationalists have always claimed to rule the Protestant nation. "The minority has no right to opt out," is the cry manifested in De Valera's 32 County Constitution and the present IRA campaign. This attitude denies self-determination (an elementary right) to the Protestants.

The Protestants resist this, and when the British Government acceded to the Catholic claims as they did in the 1886-1914 period, the Protestants opposed them as well (the Curragh Mutiny, the UVF) and succeeded in changing British policy by the threat of force.

If British policy were to revert to "united Irelandism" there would be the same opposition. This time, perhaps the guns might be used.

A lasting solution must be based not on a compromise with the Catholic claims, but on a change of attitude in Dublin. In short, the South must recognise the North.

This would constitute a radical shake-up of Catholic politics, which is largely based on degrees of nationalism. Faint as the hope is, it is the only solution.

D. R. Stead,
138, Lordship Road, N.16.

Deliberate fomentation

Sir—With complete disregard for relevance, the cry, "South Africa," goes up immediately one ventures to criticise the antagonists, however violent, of an established order. Perhaps Mr. T. C. O'Herrily (Nov. 10) has not heard that the Government of South Africa represents a white minority which is the exact opposite of the situation in Ulster. Of course, one does not have to live in a country to be able to comment and, although I have visited Ireland, North and

South, many times, I have never lived there and yet I comment. One simply has to be more careful in making one's judgments. That discontent exists in Ulster and is caused by discrimination is not really in dispute. Discrimination exists within most communities, but how much of that in Ulster is not, perhaps, induced by the very intrusiveness of the minority population? But let us not mistake the cause for the effect. Contrary to Mr. O'Herrily's assertion, the trouble in Ulster is basically associated with union with the South and is deliberately fomented by gangs of criminals who coerce and take advantage of a lunatic fringe among the minority population.

To compare Ulster with Kenya, Cyprus and Palestine is sheer muddled thinking and, without going into the merits or demerits of their respective cases, it is a matter of historical fact that in the countries the British Army, although acting in support of law and order, was nevertheless opposed by a majority of the native population. By contrast, in Ulster the British Army is supporting a government elected by a majority of the population and acts only against known criminals of whatever creed; unless, of course, Mr. O'Herrily eats his words and considers the matter in the context of a united Ireland. It might be irrelevant, though also interesting, to have Mr. O'Herrily's views on the Spanish and Portuguese African colonies.

"By their acts shall ye know them," and God forbid that the people of Ulster should ever be handed over to a country so devoid of moral principles as to aid and abet hoodlums of the IRA kind, who murder indiscriminately and perpetrate such brutalities as the tarring and feathering of teenage girls. Not only is the freedom of the people of Ulster to live in peace being denied them, but their very freedom to live.

A. H. R. Deleens,
Windrush, Manor Road,
Henley-on-Thames.

Vision for the future

Sir—If T. C. O'Herrily knows of authentic cases of discrimination against Catholics in N. Ireland since the passing of recent legislation, he should let your readers, and particularly Mr. Faulkner, have the facts. These cases could then be dealt with under the Acts in a democratic manner.

The British Army is at present

engaged in suppressing terrorism, and anyone threatening to use a weapon irrespective of religion, age or sex is liable to be shot. Internment is likewise non-discriminatory. On the point of history the "natives" of Ulster are the descendants of the ancient Irish, known as "Scots," who raided the coasts of Britain and occupied Argyll and other parts, returning later to their native land, and being erroneously known as Scottish. In one of their forays against Britain they captured a lad who later as a slave tended sheep on the slopes of Slieve in Co. Antrim. This lad later escaped to Britain, became a bishop named St. Patrick, returning to Ireland as 432 AD to spread Christianity.

St. Patrick was a Christian, neither a Roman Catholic nor a Presbyterian. Herein lies hope for the future of Ireland. It is in the re-dedication of all people in Ireland to Christianity, under the leadership of St. Patrick, leaving individuals free to worship according to their creeds, but all owing allegiance to Christianity as taught by Ireland's long-accepted Patron Saint.

We should not "forget the past" as is so often suggested, but rather "remember the past" for Ireland has a heritage of learning, and a culture of great antiquity, and much to be proud of in her contribution to Civilisation. And above all else politicians must never be allowed to stand for election under religious banners, for the Christianity of St. Patrick is indivisible.

And what is the vision for the future?

It is of a land of wondrous beauty, whose people are kindly, hospitable, humorous and endowed with a deep sense of Christianity, preferring the Christianity and Peace to Paganism and War; a land conscious of the social and economic advantages of close ties with Britain, as indeed all thinking people in Ireland recognise today; a land drawing pilgrims and holidaymakers from all over the world to visit its ancient and ancient monuments, and to enjoy just being back in Ireland.

George H. Adams,
Arden,
Loudhams Wood Lane,
Chalfont St. Giles.

panies and similar organisations. The recent case of Asa Hartford the West Bromwich footballer has done nothing to allay my fears.

I know we can argue the rights and wrongs of this thing until the cows come home, but basically there is no argument against the rights of the individual not to have his most private and intimate concerns made public. Asa Hartford is a particular example of what might happen when the system goes wrong, the very livelihood of a man can be taken away from him. This I feel is going far and away beyond any reasonable requirements of a employer.

In this computer age we suffer too much from nosy prying, and too many quarters. I feel that industry should be prepared to take the risk. There are other values in life besides money.

A. R. Paske,
Chairman, Regal Packaging,
Keatford, Newark.

Steel price increase

Sir—Your report (November 10 page one) that the British Steel Corporation will seek a 5.10 per cent. price increase next April refers to last April's increase which the Government reduced to 7 per cent. in place of the 14 per cent. which the BSC had sought.

The substantial part of the private sector in the steel industry which is concerned with the production of alloy and special steels suffered grievously last April from the way in which the BSC saw fit to apply to its various products the general 7 per cent. award.

In more common and carbon steels the BSC enjoys a near monopoly position whereas in alloy and more specialised steels its production is less preponderant. To these two main categories the Corporation last April applied substantially different increases, awarding to itself 10.11 per cent. on the more common steels and approximately 31 per cent. to the general run of alloy steels where it has to meet a good measure of competition from U.K. makers.

It will be appreciated that, whatever the legal position, it is essential for private sector steel-makers to accept the price leadership of the Corporation in the home market for the general run of products. The effect of decisions on pricing made by the

BSC in its vastly powerful and, in some products, near monopoly position is therefore of the most vital consequence to the Corporation's ability to manipulate prices to its own advantage may well be represented as no more than sensible commercial prudence. Nevertheless the sheer power to affect the fortunes of the rest of the industry by such manipulation is a matter for grave concern.

It is to be hoped that the Government appreciates the full implications of the possession of this particular power and that it is alive to some of the consequences if it is in any degree abused.

The private sector awaits with unbecoming interest the lead which will be given by the Corporation whenever the next increases are applied and my own company looks to those concerned with the application of any increases for fair and honourable treatment.

Tom Kilpatrick,
General Manager,
Brown, Bayley, Stead,
Leeds Road, Sheffield.

Planning for mechanisation

Sir—Addressing The Institute of Materials Handling on November 1, Mr. Roberts, the Director of Operations of The Post Office, described, *inter alia*, how highly labour-intensive was his operation and how mechanisation would result in the curtailment of public freedom. "Zip-codes" must be necessary, envelopes must be standard, fixtures would be possible and prices would rise. However, neither he nor Mr. Ryland, when on television the following day, drew attention to the two most important aspects of the change.

First, mechanisation should be able to enable man lives to be more enjoyable and not merely a gimmick to enable paper profits to be created, that is, that as a major employer of labour, any reductions will create further unemployment thus causing higher taxes from which to pay the benefits. These latter may well offset the lower prices paid by the individual.

Workers in contact with the public achieve more job satisfaction than those who operate machinery because they are required to use their brains and because they develop pleasant

social contacts with the customers. This is why they are normally prepared to accept lower pay than those who demand high rates to offset the boredom created by working on soulless repetitive work.

The time may well have arrived when society should look to creating an environment which is free and happy and rewarding rather than soulless, restricted, and even very profitable in pure accountancy terms. The reason why God is largely ignored by so many people today is that we have the wrong God—money is a pretty useless God! Personal freedom, peace of mind and happiness are the things that a better one would be.

If we are to plan for mechanisation, restrictions and high profits we must also plan for permanent high unemployment or very short working weeks. These will demand that the public be "educated" so that they can enjoy their freedom of choice. This, rather than technical training, and the result may be that the educated elite while the technically trained but uneducated populace do the work within the rat race of commerce. This, rather than excuses for higher prices, is the real question for the electorate to settle.

Bruce Gillett,
Garrick Lodge, Littleington,
Polegate, Sussex.

Managers' and workers' pay

Sir—I was surprised to read the conclusions AIC drew from the narrowing gap between managers' and workers' pay levels, as reported in Elsiebeth Ganguin's article on November 8, page 5.

"A flatter system based on a more egalitarian philosophy" is an interesting idea. But surely the hard facts are that one body is "organised" and can exercise sanctions to back its negotiations and therefore obtains for itself a larger slice of the cake, than the other body, which negotiates individually, if at all, and hence, generally less effectively.

If this hypothesis is correct, what implications are there for the future? Perhaps the lower-paid managers, followed by the not-so-low-paid, and so on, will be moved to take corrective action by becoming "organised" in the UKAPs, ASTMS and others are no doubt well aware of this possibility, but are senior

management? They, too, should be alive to the implications and take action now to ensure that they exercise control over the changing situation.

Roger Usherwood,
15, Peacock Road,
King's Heath,
Birmingham.

Direct tax on spending

Sir—Your correspondent, Mr. S. W. Penwill (November 3) writing about the simplification of tax, makes certain suggestions about this, but seems to reject the idea of a tax on spending as this would bear heavily on the poor.

This would be so if the tax were levied indirectly, as is purchase tax, but need this be so? Why should there not be a direct tax on spending, as there is now a tax on income?

Ignoring any assets, for the moment, the tax could be levied on the difference between income received during the course of a year and the amount remaining unspent.

Assets held at the beginning of and throughout the year would not have any effect on the tax. Assets received during the year and held to the end would also have no effect. Money received for assets disposed of during a particular year would be treated as income. If new assets were acquired, the amount paid for these would be set against the money acquired for assets sold.

The effect of all this would be a tax on net annual spending. There could be no advantage as there are in the system of income tax, to be set against tax liabilities. The rate of tax could be varied, as in income tax. Exceptional spending would result in an exceptionally high rate of tax. An exceptionally low rate of spending would result in an exceptionally low rate of tax or total exemption.

The fact that it was a tax on spending would encourage thrift—though this, to-day, seems to be a dirty word in some quarters. Other taxes, such as capital gains tax could be dispensed with. Indirect taxation need only be used as a means of discouraging excessive purchases of items such as drink and tobacco, if this were considered advisable, rather than as a means of raising income.

Much of the present administration involved in purchase tax, and other indirect tax collection could be dispensed with. I do not

see how a spending tax would be any more complicated to administer than the present income tax plus capital gains tax. It would have the merit of allowing the tax payer to decide whether or not he would pay it, by increasing or decreasing his spending. It would also place the burden of taxation where it should be placed—on those who make demands on the nation's resources.

W. F. Richardson,
34, Queen's Drive,
Fulwood, Preston.

Guiltless of pollution

Sir—Mr. Walker (November 11) presumably finds taxis and lorries "worse" about pollution because he can see the filthy smoke they emit more clearly. It is, however, questionable whether visible smoke is more harmful than invisible fumes. There is only one form of road transport which is completely guiltless of the pollution charge—the bicycle.

I have been riding a bicycle in Central London for the last three months, and would commend its use for the following reasons:—
1—It is a five-mile ride, it is faster than any other form of transport. The exhilaration of bicycling past a mile of stationary cars at 5.00 p.m. is considerable.

2—It is the only way I can get to work. I have approximately 51 weeks a year, and apart from initial capital outlay, my overheads in three months have been 53p (one inner tube).
3—It is, despite the pollution far healthier, and the answer to the desk-bound executive who cannot afford the time to take any exercise.

If only more people would overcome their natural inertia and try it once, they would be amazed at the advantages a bicycle has over all other forms of transport in Central London. They would then perhaps be more willing to campaign for better parking facilities (especially at main line stations) and for greater courtesy to motorists, who often fail to leave enough space on their left for the bicycle. I hope the GLC's inquiry will not overlook the potential of the bicycle in helping to solve the problem of urban congestion.

Bryan Stevens,
6, Mortimer Crescent, N.W.4.

ART GALLERIES

AGNEW GALLERY, 43, Old Bond St., W.1.
629 6176. OLD MASTERS. Recent acquisitions. Until 10th December. Mon-Fri, 9.30-5.30. Thur, until 7.0. Catalogues sent on request. The Arts Council.

KAPLAN GALLERY, 6, Duke Street, W.1.
JAMES S. JAMES. 01-930 9244. Autumn Exhibition. 10th October-30th November. Daily 10-6 p.m. Sat. 10-1 p.m.

LEONARD KOEHLER GALLERY, 13, Duke Street, St. James's 01-930 9244. Autumn Exhibition. 10th October-30th November. Daily 10-6 p.m. Sat. 10-1 p.m.

MALCOLM PINE ART, 6, Albemarle Street, W.1. Opening 25th. Daily 10-6 p.m. Sat. 10-1 p.m.

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To-day

PARLIAMENTARY BUSINESS—
House of Commons: Second reading, *Home Finance Bill*.
LORD MAYOR'S BANQUET, speakers include the Prime Minister and the Lord Chancellor, at the Guildhall, 7 p.m.
A list of Today's Company Meetings can be found in the Week's Financial Diary on Page 4.

WALL'S CUTS SOME BACON PRICES

Reductions of 1½p in the price of some packs of vacuum packed bacon are announced by T. Wall's (from Leeds, Manchester and Blue Peter). 2.50 The Runaway Summer, part 2. 5.44 Magic Roundabout.
5.55 News.
6.00 London This Week.
6.20 Entertaining with Kerr.
6.45 Ask the Family.
7.05 2 Cars.
7.30 Now Take my Wife... starring: Sheila Hancock, Donald Houston and Liz Edmonstone.
8.00 Panorama.
9.00 Nine O'Clock News.
9.20 The Troubadours.
10.10 Steptoe and Son.
10.40 24 Hours including coverage of the speech by the Prime Minister at the Lord Mayor's Banquet.
*11.25 Road Sense, part 6.
All Regions as BBC 1 except at the following times:—
Wales: 10.45-11.15 p.m. Ar Lin Man. 10.45-11.15 p.m. Today.
*11.45 Heddle.
Margaret: Margaret Williams and guests.
Scotland: 10.45-11.15 p.m. Reporting Scotland. 10.10-10.40 Castles in the Air. Hopetoun House. 11.15-11.45 Who are the Scots? *11.55 Scottish News Headlines.
Northern Ireland: 10.45-11.15 p.m. Scene Around Six. *11.52 Northern Ireland News Headlines.
England: 10.45-11.15 p.m. Look North (from Leeds, Manchester and Newcastle); Midlands: To-day (from Birmingham); Look East (from Norwich); Points West (from Bristol); South: To-day (from Southampton); Spotlight South West (from Plymouth); 11.52 Regional News Headlines.

ACROSS

1 Provocation from Pravda? (3)

2 Voice work putting industrialist on edge (6)

3 Odds on fish producing a bit of glitter (7)

4 Be noisy about invalid taking ridiculous punishment (7)

5 Novel type of dwelling without central heating (5, 5)

6 The best part of being caught with lots of paper (3)

7 Kept quiet (8)

8 Heard to make fun of a wrong shoe (8)

9 Of course for racing there's a tax (5)

10 A family of like me (4)

11 Expert with brush has to stick to the drawing of horses (10)

12 So sad after months of unemployment (7)

13 Issue result of two races (7)

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3

Church Music for the Sun King

by FRANK DOBBINS

Although English audiences are acquainted with the delicate keyboard miniatures of François Couperin, they have few opportunities to hear his sacred music. A vast different face is offered by the opulent, grandiose motets performed in the chapel of Versailles, for the spiritual education of the ageing Louis XIV who, under the influence of his deeply religious mistress, Madame de Maintenon, had forsaken the worldly court ballet and witty amusements of his youth. Thursday's concert by the Schütz Choir and London String Players under the direction of Roger Norrington offered an impressive and reasonably authentic first modern performance of Couperin's "Salvum me fac" — along with two more recently discovered psalm settings — by Michel Richard de La Lande.

The first of these — "Super flumina Babilonis" — was a revelation of the expressive splendour of French Baroque choral and orchestral writing, although the strings could have been enhanced by making wider use of the more of the succade rhythms. The orchestra's rhythms were again not taut enough in the Couperin motet, although the work was redeemed by some fine singing by Benjamin Luxon whose operatic manner suited the dramatic impact of the words.

The concert came to a triumphant end with La Lande's Grand Motet "Constebor tibi Domine" whose rich harmony and well-wrought counterpoint matched the sumptuous architecture of Wren's chapel. The audience, who had been shivering in their overcoats because of a failure in the heating system, warmed to this splendid work which, with its varied arias, ensembles and choruses, reminded them of more familiar friends — Bach and Handel — the latter especially in the grandeur of the climactic choral "Amen" which closed the work.

Although St Stephen's provided an almost ideal setting for these motets with their large choral and solo ensembles with five-part string accompaniments supplemented by occasional woodwind obbligato, its acoustics are not at all suited to chamber music. It was thus hardly surprising that Couperin's *Sonade en Quatuor*, depicting the Sultan in her grave, gay and tender moods, received a resounding success, as the opening symphony by making witty use of the more of the succade rhythms. The orchestra's rhythms were again not taut enough in the Couperin motet, although the work was redeemed by some fine singing by Benjamin Luxon whose operatic manner suited the dramatic impact of the words.

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A Liberated Woman

by B. A. YOUNG

Barry Reckord's new play is soon recognisable as a fresh version of an older one called *Don't Gas the Blacks*. The main change is that the girl who is willingly seduced by the black guest at her party is now married to a black playwright instead of to a white man.

In practice, this doesn't make any difference. The play is a study in three kinds of selfishness. Gail, the girl, is obsessed with Women's Lib because she wants all the sex she can get without the attendant responsibilities. Guy, her husband, professes to be a socialist, but when it comes to the crunch, believes that "life is hanging on by your teeth to all you've got." And Scott, the cuckoo in the nest, is an actor newly launched on success, whose principle is to take whatever he wants whenever he can get it.

The colour question is only used to add complication to a situation that all three seem to find more complex than I did. Mr. Reckord can write a fine dialogue, but he is also prone to going into long literary passages in which mutual relationships are minutely scrutinised. He is good at pinning down the sort of things that go to make domestic arguments, but he carries them on too persistently. I've never seen so many instant changes of mind. One knows that in life disputes of this kind can go on all night without resolution; on the stage, they ought not to.

Frankly, I liked the play better in its last incarnation; this one gives off a whiff of mid-night oil. Interest is maintained, for me, by the acting—especially by the acting of Rudolph Walker as Scott, a kind of thespian Mohammed Ali. Barry Reckord



Barry Reckord and Linda Marlowe

himself plays Guy, a light-coloured West Indian with a slightly effeminate air, is virtually every woman's duty. Suzanne Billings has designed a rather dainty room for the wonder how it is that pretty, well-off advertising copywriter Gail (Linda Marlowe) could have stuck to him for so long without busting out, when she

tells us every five minutes that she thinks busting out is virtually every woman's duty. Suzanne Billings has designed a rather dainty room for the wonder how it is that pretty, well-off advertising copywriter Gail (Linda Marlowe) could have stuck to him for so long without busting out, when she

Elizabeth Hall

Kars's Debussy

by DOMINIC GILL

Jean-Kodolphe Kars's recital of the complete set of Debussy preludes on Thursday was a powerful disappointment. On past form, he had expected more from the very talented young French pianist: something of strong character, subtly favoured, exuberant and refined. What he gave us was very different: pale, anaemic Debussy without energy or sinew—prissy Debussy, with all the colours washed out that humour, high spirits or heart.

Kars makes a beautiful sound on the piano; he can balance layers of counterpoint exquisitely, make the inner voices of a single chord sing. His Debussy is also quite without "romantic" mannerisms, nicely purged of all sentiment. This should be refreshing; but Kars takes

things much further. For him, playing Debussy seems to mean cleansing Debussy of expressive devices, dramatic nuances, serious textures, sponging up the sound and squeezing it out into a little rose-pattern teacup, to be offered, little finger politely raised. You may call it elegant, sensitive. And at its best, it does result in an attractively dry, simple—and, yes, beautiful—delivery: pretty sounds, done up with a bow. But at its worst, it offers only a pale shadow of the real thing.

His "Danseuses de Delphes"—as his "Fille aux cheveux de lin"—I rather liked: wisps blown about in the lightest of breezes. And those mournful lances at the "Terrace," that faint stirring of the "Feuilles mortes," were even agreeably

ENTERTAINMENT GUIDE

OPERA AND BALLET

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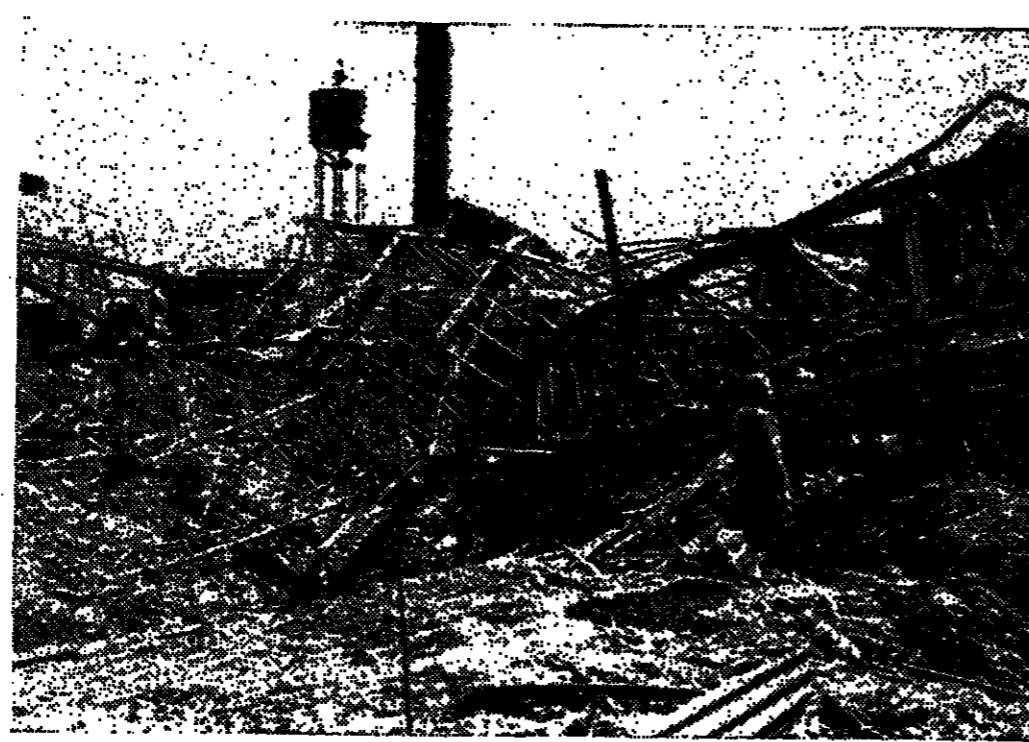
By 1945, Germany had won a huge industrial advantage.



Aachen



Marl



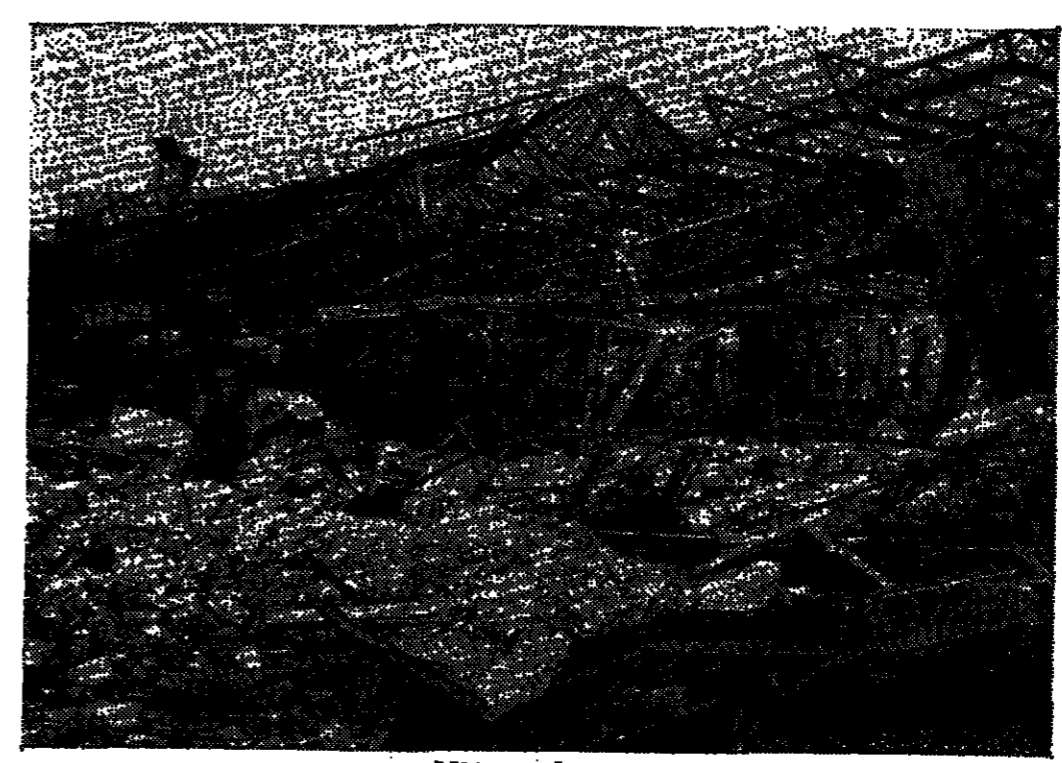
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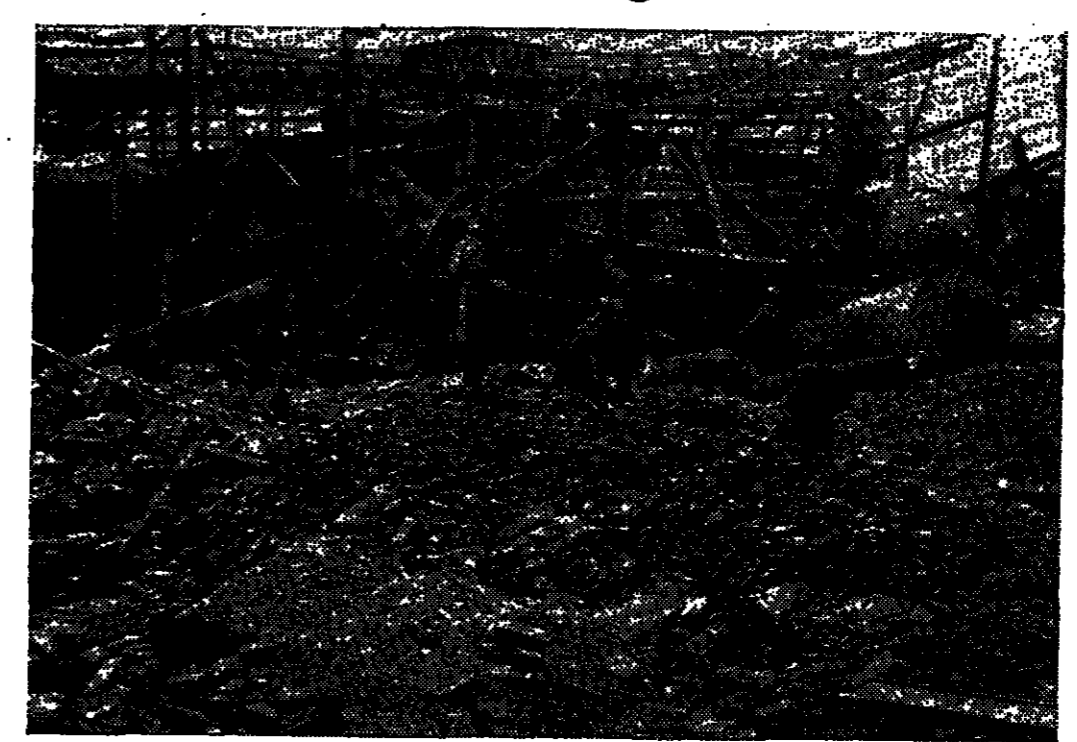
Ludwigshafen



Nuremberg



Neuenkirchen



Bochum



Fallersleben

Wartime bombing destroyed the German economy. It also left the basis of Germany's post-war recovery. For the bombs destroyed traditional attitudes as well as factories. And when rebuilding started, efficiency rather than precedent governed every management decision. In Britain, management saw no such need to change its ways. And to this day, precedent is still one of the biggest factors in management decisions. Take factory heating. Every time a new factory is built, management has to choose between two completely different heating systems. One, the warm air system, is modern, efficient and cheap. The other, the boiler system, is old-fashioned, clumsy, and twice as expensive to install. It is, however, hallowed by tradition. Which is why 75% of factories built in Britain this year will be heated by a boiler system. In contrast to Germany. Where, ever since the war, warm air heating has taken over

from boilers. What makes British management's complacency sad is that the British make the best warm air heating system in the world. It is made in Havant by Colt. A Colt warm air system comes with a foolproof 10 year guarantee. Every Colt system is regularly serviced by Colt engineers. And Colt's fleet of over 60 service vehicles attend to any emergency within 24 hours. Best of all, a complete Colt warm air system can now be leased. In a 100,000 sq. ft. factory, for example, a mere £1,000 will now see a Colt system installed and in operation. And £400 of that £1,000 will come straight back to you, in the shape of a 40% rebate on Corporation Tax. Our free survey will show you how little it would cost you. With the Common Market coming, the boiler system is not a tradition you can afford to keep up. Colt International Ltd. (Heating Ventilation & Industrial Access), Havant, Hants. Havant 6411. Telex: 86219.

London International The first class hotel just off the road to the BEA London terminal

Come see us London International

A copy of this Advertisement, having attached thereto the documents specified herein, has been delivered to the Registrar of Companies for registration. This Advertisement is issued in compliance with the Regulations of the Council of the Northern Stock Exchange for the purpose of giving information to the public with regard to R. KELVIN WATSON LIMITED ("THE COMPANY"). The Directors collectively and individually accept full responsibility for the accuracy of the information given and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement in the Advertisement misleading. Application has been made to the Council of the Northern Stock Exchange for permission to deal in and for quotation for the whole of the 1,000,000 issued Ordinary Shares of 10p each of the Company.

R. KELVIN WATSON LIMITED

(Incorporated under the Companies Acts, 1948 to 1967)

CONTACT LENS MANUFACTURERS AND OPTICIANS

WATSON'S
Opticians



SHARE CAPITAL

Authorised

£

150,000

in Ordinary Shares of 10p each

Issued and Fully Paid

£

100,000

Placing by

David Q. Henriques & Co.

of 350,000 Fully Paid Ordinary Shares of 10p each at 88p per Share

Exclusive of inter-company indebtedness, neither the Company nor any of its subsidiaries has outstanding any mortgages, charges, hire-purchase commitments, debentures, loan capital, bank overdrafts or other similar indebtedness, guarantees or material contingent liabilities.

DIRECTORS

RAYMOND KELVIN WATSON, F.B.O.A., H.D. (Chairman), Plas Haulog, Conway, Caernarvonshire.
GEOFFREY KELVIN WATSON, F.B.O.A., Eilean Donan, 39 Roundcroft, Romiley, Cheshire.
CHARLES ERIC BLOODWORTH, F.B.O.A., Gai Logis, Chester Road, Mere, Cheshire.
JOHN GORDON LABREY, F.C.A., Delamere, 42 Offerton Road, Hazel Grove, Cheshire.
HILDA WATSON, Plas Haulog, Conway, Caernarvonshire.

BANKERS

NATIONAL WESTMINSTER BANK LIMITED, Lloyd Entwistle Office, 35 King Street, Manchester M60 2NP.

SOLICITORS

To the Company:

GEORGE DAVIES & CO., 81 Fountain Street, Manchester M2 2FB.

To the Placing:

JOHN TAYLOR & CO., Royal Insurance Building, 2 Barton Square, Manchester M2 7LR.

BROKERS

DAVID Q. HENRIQUES & CO., Barnett House, Fountain Street, Manchester M2 2AS and the Northern Stock Exchange

AUDITORS, REGISTRARS AND TRANSFER OFFICE

SPICER AND PEGLER, Chartered Accountants, Derby House, 12-16 Booth Street, Manchester M60 2ED.

REPORTING ACCOUNTANTS

THORNTON BAKER & CO., Chartered Accountants, Brazennose House, Brazennose Street, Manchester M2 5AX.

SECRETARY AND REGISTERED OFFICE

JOHN GORDON LABREY, F.C.A., Kelvin House, Manchester Road, Denton, Manchester M34 2AH.

INCORPORATION

R. Kelvin Watson Limited ("the Company") was incorporated in England as a private company on the 9th of July, 1968 to acquire the issued share capital of Kelvin Lenses Limited ("Kelvin"), Watsons Opticians Limited ("Watsons"), W. Gordon (Llandudno) Limited ("Gordon"), and Geekay Optical Co. Limited ("Geekay"), and the Company was converted into a public company on the 5th of November, 1971. It acts as the holding company for its four subsidiaries named above, and owns beneficially all the share capital of each of them. The expression "the Group" herein means the Company, Watsons, Kelvin and Geekay with effect from their respective dates of incorporation, and Gordon with effect from its acquisition in 1967.

Watsons was incorporated under the name "Watsons, The Opticians, Limited" on the 23rd of January, 1941 to acquire the undertaking and assets of the business of ophthalmic opticians called "Watsons the Opticians" which was commenced by the present Chairman in 1932. It adopted its present name on the 21st of July, 1962.

Kelvin was incorporated on the 30th of May, 1947 as contact lens manufacturers, suppliers and fitters, following the development by the present Chairman of a unique method of manufacturing contact lenses by pressing rather than by grinding.

Geekay was incorporated on the 3rd of July, 1968 to take over a business called "Geekay Optical Co." This had been commenced by Geoffrey Kelvin Watson on the 1st of January, 1965 to take over the spectacles manufacturing section of Kelvin.

Gordon was incorporated on the 14th of April, 1956 and all its shares were acquired by Raymond Kelvin Watson, Hilda Watson and Geoffrey Watson for cash on 1st of January, 1967. Its business is similar to that of Watsons.

BUSINESS

Kelvin manufactures and supplies contact lenses to opticians, hospitals and ophthalmologists in the United Kingdom and overseas. In addition, it provides a nationwide service to the optical profession whereby its staff of specialist practitioners (based in Manchester, London, Edinburgh, Cheltenham, and Wakefield) visit opticians and fit contact lenses on their behalf in the opticians' own premises. It also supplies cleaning and wetting solutions under its own brand names for use with contact lenses, and offers facilities for the replacement of lost or damaged contact lenses in return for an annual fee. Watsons and Gordon operate as ophthalmic opticians in eleven branches in the North-West. Geekay manufactures spectacles to prescription for the practices of Watsons and Gordon and for other opticians.

MANAGEMENT AND STAFF

Raymond Kelvin Watson (aged 61) has been actively engaged in the business of the Group since its commencement in 1932. He has been Chairman and Chief Executive of the Company since its formation in 1968. His wife, Hilda Watson, has been associated with the business since 1935 and was secretary of Watsons and Kelvin for a number of years. As a non-executive Director of the Company, she continues to take an active interest in Group affairs. Their son, Geoffrey Watson (aged 34), joined Watsons in 1968 and has been its Managing Director for the last four years. Eric Bloodworth (aged 40) joined Kelvin in 1955 and has been its Managing Director for the last six years. Gordon Labrey (aged 36) joined Kelvin in 1965 as Accountant and Office Manager. He was appointed Secretary of Kelvin in 1966, of Watsons in 1967, and of the Company in 1968. In addition, each of the subsidiaries is served by an experienced management team.

A great deal of the success of the Group has been due to close liaison between the staff at all levels and the operation of a profit sharing scheme. The turnover of staff is small and labour relations are excellent. The total number of employees in the Group is 168.

PREMISES

The Group's Freehold and Long Leasehold Premises, which were valued by Suttons, Chartered Surveyors and Valuers of Manchester as at September 1971 on a market value basis, with vacant possession at an aggregate of £54,350 are set out below:—

| Premises | Approximate area (sq. yds.) | Floor area (sq. ft.) | Tenure | Occupier |
|--|-----------------------------|----------------------|--|----------------|
| Head Office and Works, Kelvin House, Manchester Road, Denton, Manchester | 1,062 | 7,000 | Freehold | Kelvin Watsons |
| Shop, 28 Warner Street, Accrington Lancs. | 88 | 584 | Leasehold 999 years from 1827, Ground Rent 71p per annum | — |
| 2 long leasehold shops at Hyde, Cheshire (terms not less than 750 years) | — | 1,537 | Fully sublet on short terms at an aggregate net receivable rate of £31.50 p.a. | — |

In Addition:—

(a) Kelvin occupies 4 leasehold shops and/or offices at Kingston-on-Thames, Edinburgh, Cheltenham and Wakefield for various terms of not less than 3 years and not exceeding 18 years to run, at aggregate current rents of £1,780 p.a.
(b) Watsons and Gordon occupy 9 leasehold shops and/or offices in the North-West for various terms of not less than 4 years and not exceeding 20 years to run, at aggregate current rents of £6,316 p.a. and Watsons is negotiating the renewal of a lease for a tenth shop.

PLANT, MACHINERY, TOOLS AND EQUIPMENT

The Group's Plant, Machinery, Tools and Equipment are maintained to the high precision standard necessary for its process of lens production. They include specialist machinery and tools of own design and manufacture which are not available to competitors.

MOTOR VEHICLES

The substantial fleet of vehicles necessary for the Group's country-wide service is modern and replacements are made at not more than 2 year intervals.

CANADIAN SUBSIDIARY

On the 31st of May, 1968 a wholly owned subsidiary, Kelvin Contact Lenses (Canada) Limited was incorporated in Canada to manufacture and supply contact lenses by Kelvin's method. The cost of breaking into the North American Market has proved to be higher than anticipated, and this company was sold to local Canadian interests in October, 1971. As will be seen from the Statement of Net Tangible Assets in the Accounts' Report, provision has been made for the losses and liabilities resulting from this venture and is adequate to avoid any further charge thereon having to be made against the future Assets or Profits of the Group.

RESEARCH

For almost two years the National Research Development Corporation has sponsored research at the University of Aston in Birmingham for the development of a material suitable for the manufacture of soft contact lenses and has applied for provisional patents thereon. Kelvin has agreed in principle with the University to contribute to that research for up to two and a half years and also to continue technical assistance rendered by Kelvin's staff. This contribution will not exceed £14,350 in the first twelve months of operation and it is anticipated that this rate of expenditure will not be exceeded during the remaining eighteen months of the agreement. Heads of Agreement are being negotiated for the grant to Kelvin by the National Research Development Corporation by December 1971 of an option to acquire an exclusive licence for the manufacture and supply of the material for contact lenses in the United Kingdom and a share in licences granted overseas. The Directors are of the opinion that the potential benefits therefrom should be considerable.

PROFITS, PROSPECTS AND DIVIDENDS

As will be seen from the figures set out in the Accounts' Report below, Sales and Profits have increased steadily over the past ten years. All subsidiaries have shared in the increase and the major contribution has been from Kelvin. Although the Group is not immune from competition, it is the leading manufacturer of contact lenses in the United Kingdom. Its method of manufacture and its research projects place it in a strong position to withstand competition.

Turnover and Profits of the Group on the basis of unaudited figures for the first six months of the current year show an increase over the corresponding figures for the year ended 31st of March, 1971. The Directors are of the opinion that, in the absence of unforeseen circumstances, profits of the Group before taxation for the year ending 31st of March, 1972 should not be less than £140,000. Assuming that the research arrangements referred to previously with the University of Aston in Birmingham are concluded successfully, the charge against such profits for this research will be approximately £5,000 for the period to 31st March, 1972 and £14,350 in full year.

On this basis, the Board expect to recommend a dividend for the year ending 31st of March, 1972 of 25p per share payable in August 1972. In a full financial year as a public company, the Board would expect to recommend dividends totalling 5p per share with an interim dividend in February, and a final dividend payable in the following August.

WORKING CAPITAL

The Group has not had recourse to bankers or other borrowing to finance its expansion in the United Kingdom during past years and the Directors are of the opinion that, having regard to existing bank facilities for recourse if need be, the Group has adequate working capital for its presently foreseen requirements.

DIVIDEND COVER, YIELD AND PRICE/EARNINGS RATIO

On the basis of profits before taxation, estimated as above, an Ordinary dividend of 5p per share would be covered as shown below:—

| | |
|--|-----------|
| Estimated profits (for the year ending 31st March, 1972) | £ 140,000 |
| Less: University of Aston Research (to 31st March, 1972) | 6,000 |
| | 134,000 |
| Less: Corporation Tax at 40 per cent. | 53,600 |
| | 80,400 |
| Ordinary Dividend of 5p per share | 50,000 |
| Retained in the Business | 30,400 |
| Dividend Cover | 1.6 times |

At the placing price of 88p per share the gross dividend yield would be 5.68 per cent. with a price/earnings ratio of 10.95.

ACCOUNTANTS' REPORT

The following is a copy of a joint report received from Spicer and Pegler, auditors of the Company and Thornton Baker & Co. Reporting Accountants—
To the Directors of R. Kelvin Watson Limited
and David Q. Henriques & Co.

Gentlemen,
We have examined the audited Accounts of R. Kelvin Watson Limited ("the Company") and its wholly owned United Kingdom subsidiaries (collectively referred to as "the Group") viz:—

| | Period | Audited by |
|--|-------------------------------------|--|
| 1. R. Kelvin Watson Limited | 9th July 1968 to 31st March 1970 | Morton & Barber, 5 Corporation Street, Hyde, Cheshire, Chartered Accountants |
| | 1st April, 1970 to 31st March, 1971 | Spicer and Pegler, Derby House, 12/16 Booth Street, Manchester, 2, Chartered Accountants |
| 2. Kelvin Lenses Limited | 1st April, 1961 to 31st March, 1970 | Morton & Barber |
| | 1st April, 1970 to 31st March, 1971 | Spicer and Pegler |
| 3. Watsons Opticians Limited (until 21st July, 1962 named Watsons The Opticians Limited) | 1st April, 1970 to 31st March, 1971 | Spicer and Pegler |
| | 1st April, 1971 to 31st March, 1970 | Morton & Barber |
| 4. G. K. Watson trading as Geekay Optical Co. Ltd. (Incorporated 3rd July, 1968 to acquire Geekay Optical Co.) | 1st April, 1970 to 31st March, 1971 | Spicer and Pegler |
| | 1st April, 1971 to 31st March, 1967 | A. A. Thomas, Evans & Co., 4 Trinity Square, Llandudno, Cheshire, Chartered Accountants |
| 5. W. Gordon (Llandudno) Ltd. | 1st April, 1968 to 31st March, 1970 | Spicer and Pegler |
| | 1st April, 1970 to 31st March, 1971 | Spicer and Pegler |

We have also examined the undermentioned financial statements of Kelvin Contact Lenses (Canada) Ltd.
(a) Unaudited financial statements as submitted for Canadian taxation by Thoma, Gunn, Hellwell & Christensen, Royal Trust Tower, Box 282, Toronto—Dominion Centre, Toronto III, Canada, Chartered Accountants, for the periods 31st May, 1968 (date of incorporation) to 31st March, 1971.
(b) Audited financial statements for the period 1st April to 30th June, 1971.

Geekay Optical Co. traded as the spectacles manufacturing section of the Group from 1st January, 1965 to 30th September, 1968 when its assets and liabilities were acquired by Geekay Optical Co. Limited.

PROFITS

The profits of the Group for the 10 years ended 31st March, 1971 on the basis set out below, were:—

| Years ended 31st March | (1) Sales | (2) Profit before charging Depreciation and Amortisation | (3) Profit before charging Depreciation and Amortisation | (4) Profit before charging taxation |
|------------------------|-----------|--|--|-------------------------------------|
| 1962 | 77,249 | 8,806 | 2,048 | 6,888 |
| 1963 | 88,467 | 12,183 | 2,731 | 9,462 |
| 1964 | 100,098 | 21,713 | 3,331 | 18,382 |
| 1965 | 135,228 | 26,784 | 4,173 | 22,611 |
| 1966 | 170,700 | 33,427 | 4,755 | 28,672 |
| 1967 | 228,608 | 46,871 | 7,167 | 39,704 |
| 1968 | 275,498 | 63,806 | 8,064 | 55,742 |
| 1969 | 352,738 | 83,754 | 13,263 | 80,501 |
| 1970 | 471,598 | 119,854 | 16,538 | 103,316 |
| 1971 | 587,020 | 148,282 | 21,376 | 126,906 |

Notes

- The foregoing figures refer to the Company and its United Kingdom subsidiaries (i.e. the Group) and exclude Kelvin Contact Lenses (Canada) Ltd., sold to Canadian interests in October, 1971.
- Sales are net after returns and allowances and eliminating inter-company transactions.
- The profits set out in column (2) have been arrived at after charging all expenses of working and administration including Directors' emoluments and after making such adjustments as we consider appropriate but before charging the amounts set out in column (3) and the losses of Kelvin Contact Lenses (Canada) Ltd. as shown by the unaudited Financial Statements, converted as to 1969 and 1970 to £258 to £ and as to 1971 to £243 to £, which total £29,000 over the three years.
- The Depreciation (column (3)) has been calculated on bases which in our opinion are consistent and reasonable. No amortisation has been charged in respect of Freehold and Long Leasehold Premises.
- Complete records of physical stocktaking are available only from 31st March, 1967 and audit working papers are not available to support bases of stocktaking and valuation for earlier years. [We are satisfied from those available records that stocks were taken on the relevant dates on the consistent basis of the lower of works cost and net realisable value, and for earlier dates for which complete stocktaking records are not available our enquiries and investigations into product profiles have satisfied us that there was no material variation in the basis of stocktaking and valuation throughout the 10-year period.]
- The aggregate emoluments of the present Directors of the Company for the year ended 31st March, 1971 amounted to £27,878. Under the arrangements now in force the emoluments of those Directors for the year ended 31st March, 1971 would have amounted to £31,828.

NET TANGIBLE ASSETS

The Net Tangible Assets of the Company and of the Group based on the audited Balance Sheets at 31st March, 1971, after making such adjustments as we consider appropriate were:—

| £ | £ | THE GROUP |
|---|---------|-----------|
| | | Cost |
| FIXED ASSETS | | £ |
| Freehold and Long Leasehold Premises (Professional open market valuation as at September, 1971, £54,350) | 48,698 | 48,698 |
| Shares in Subsidiaries at Cost | 6,157 | 1,337 |
| Plant, Machinery, Tools, Equipment, Fixtures and Fittings | 91,833 | 35,482 |
| Motor Vehicles | 82,813 | 8,063 |
| | 229,302 | 244,872 |
| Opticians' Practices and Patients' Records (Note 2) | 40,336 | 40,336 |
| INTERESTS IN SUBSIDIARIES (excluding Kelvin Contact Lenses (Canada) Ltd.)— | | |
| Shares in Subsidiaries at Cost | 116,200 | — |
| Amounts owed by Subsidiaries | 98,765 | — |
| CURRENT ASSETS | | |
| Stock and Work in Progress at the lower of works cost and net realisable value | 45,584 | — |
| Debtors | 137,862 | — |
| Cash and Bank Balances | 52,644 | — |
| | 236,090 | 236,090 |
| Less: CURRENT LIABILITIES | | |
| Creditors, including net liabilities arising from the realisation of Kelvin Contact Lenses (Canada) Ltd. (Note 3) | 33,860 | — |
| Loan Replacement Scheme (Note 4) | 26,896 | — |
| Corporation Tax | 53,776 | — |
| | 114,532 | — |
| NET TANGIBLE ASSETS | 332 | 61,279 |
| Less: Tax Equalisation | — | 268,045 |
| | — | 8,768 |
| NET TANGIBLE ASSETS | 332 | 268,045 |

Notes on the above Statement of Net Tangible Assets:—

- The amortisation of Short Leasehold Premises and Improvements thereto has been calculated at rates which amortise the cost over the periods of the relative leases.
- Opticians' practices and patients' records are included at the prices paid to the vendors on purchases. (It has been explained by the Directors that the values of these are not identified with their vendors nor the premises from which the practices are conducted but derived from the availability of the records.) In the opinion of the Directors the present value of these assets is not less than the amount stated.
- Creditors include a provision of £18,000 in respect of net liabilities arising from the realisation of interests in Kelvin Contact Lenses (Canada) Ltd. The provision represents the liabilities to Canadian Bankers and creditors as shown in the audited Financial Statements of Kelvin Contact Lenses (Canada) Ltd. at 30th June, 1971, converted to £243 to £ and Dollar Premium arising, less the proceeds of realisation of assets as estimated by the Directors of the Company, and in our opinion is fair and reasonable.
- Loan Replacement Scheme provision has been calculated on the basis of deferring the proportion of fee receivable in the preceding twelve months available to the average unexpired indemnity period.
- The provisions for Corporation Tax represent the estimated liabilities on profits down to 31st March, 1971 and together with the Tax Equalisation are, in our opinion, adequate.
- Capital projects in hand at 31st March, 1971 not provided for in the above statement amounted to £48,000.

DIVIDENDS

No Dividends have been declared by the Company since its incorporation on 9th July, 1968.

ACCOUNTS

No audited Accounts of the Company or of any of its United Kingdom subsidiaries have been made up for any period subsequent to 31st March, 1971.

Yours faithfully,

Thornton Baker & Co.
Chartered Accountants
Reporting Accountants:
Spicer and Pegler
Chartered Accountants
Auditors to the Company

STATUTORY AND GENERAL INFORMATION

1. Capital

The authorised share capital of the Company on the 15th November, 1969 was £50,000 in 50,000 Ordinary Shares of £1 each, of which 40,000 were issued and fully paid. On the 31st of August 1971, the Company increased its authorised share capital to £150,000 and subdivided each of its shares of £1 each into ten shares of 10p each. On the same day, 600,000 Ordinary Shares of 10p were allotted to the shareholders pro rata by way of a capitalisation issue.

The interests of each Director and of his family, in the ordinary share capital of the Company following the placing pursuant to Contract (1) below, are as follows:—

| Name | Ordinary Shares beneficially held by Directors and their families | Percentage of issued Ordinary Shares |
|------------------|---|--------------------------------------|
| R. K. Watson | 196,700 | 18.67 |
| G. K. Watson | 105,450 | 10.54 |
| C. E. Bloodworth | 6,978 | 0.70 |
| J. G. Labrey | 6,850 | 0.68 |
| Mrs. H. Watson | 248,550 | 24.86 |

As respects the 500,000 unissued Ordinary Shares, no issue will knowingly be made which could effectively alter the control of the Company without prior approval of the members in general meeting. The Directors have been advised that, following the conclusion of the period for renunciation of the shares which are the subject of the placing, the Company should not be a close company as defined by Section 22 of the Income and Corporation Taxes Act 1970.

2. Material Contracts

The following contracts have been entered into within the two years preceding the date of the publication of the Accounts, or otherwise than in the ordinary course of business and are, or may be, material:—

- Dated 11th November, 1971 between (1) R. K. Watson and Mrs. H. Watson (2) the Directors and (3) David Q. Henriques & Co. ("the Brokers") being the Contract for placing the 350,000 Ordinary Shares in the Company.
- Dated 11th November, 1971 between (1) R. K. Watson and Mrs. H. Watson (2) the Company and (3) the Brokers being a Deed of Indemnity in favour of the Company against income tax, surtax and estate duty.
- Dated 31st August, 1971 between (1) the Company and (2) G. K. Watson on behalf of all the members of the Company being the agreement to allot the 600,000 Ordinary Shares referred to in 1 above.
- Four Agreements all dated 11th November, 1971 between (1) the Company and (2) (a) R. K. Watson (b) G. K. Watson (c) C. E. Bloodworth (d) J. G. Labrey under which they agreed to serve the Company respectively as Chairman, Managing Director, Managing Director of Watsons (c) Managing Director of Kelvin (d) Secretary for periods of (a) 3 years (b) (c) and (d) 5 years from 1st October, 1971 at the following respective annual salaries all inclusive of Director's fees (a) £3,000 (b) £4,500 (c) £7,000 (d) £4,250 and commissions on the combined annual profits of the Company and its existing subsidiaries of (a) (b) (c) and (d) 2% per cent. respectively.
- Articles of Association

The Articles of Association contain provisions (inter alia) to the following effect:—

- On a show of hands each Member has one vote only. On a poll each member has one vote for every 10p paid up on the shares held by him.
- Borrowings by the Company and its subsidiaries (excluding inter-company borrowings) are limited in the aggregate to two and one half times the issued share capital and consolidated reserves of the Company. This limit cannot be exceeded except with the sanction of an ordinary resolution of the Company in general meeting.
- Director may contract with and be interested in any contract or proposed contract with the Company and shall not be liable to account for any profit made by him by reason of any such contract or proposed contract, provided that the nature of the interest of the Director in such contract or proposed contract be declared at a meeting of the Directors.
- No Director shall vote as a Director in respect of any contract or arrangement in which he shall be interested and if he do so vote, his vote shall not be counted; but this provision shall not apply to any contract or arrangement in which he is interested as a Director, creditor or employee or as to any matter concerning the issue of shares by way of capitalisation.
- The Directors may institute schemes for providing pensions for employees, including Directors receiving remuneration.

3. Subsidiaries

Each of the subsidiaries was incorporated in England as a private company on the date, and has the issued and full paid share capital, set out in its name: (a) Watsons, 23rd January, 1941, £1,000; (b) Kelvin, 30th May, 1947, £4,800; (c) Geekay, 3rd July, 1968, £100; (d) Gordon, 14th April, 1956, £2,000.

4. General

By Material Contract No. (1) above the Brokers have agreed to subscribe or procure subscribers for 350,000 Ordinary Shares of 10p each at 88p per share payable in full on application.

The expenses of (i) the increase of capital and adoption of new Articles of Association and (ii) the application for permission to deal in and for quotation for the issued Share Capital of the Company (including the costs of printing and advertising and the charges and expenses of the Company's Auditors, Solicitors and Registrars and the Report Accounts and the Solicitors to the Company) are estimated to amount to £11,868 and are payable by the Company. Application from employees of the Company and its subsidiaries, which may be for 100 shares or multiples thereof, will be accepted

IN BRIEF

ISRAELI Cabinet decided to establish an inquiry commission to investigate the management of oil fields in the Sinai Peninsula following allegations of irregularities raised by a Governmentologist.

BY OUR OWN CORRESPONDENT

The Political Affairs Committee also discussed the question of declaring an emergency in the country but no decision was taken. This will now await consultations Mrs. Gandhi is to have with leaders of opposition

Arabs seek u

CAIRO, Nov. 14.

The committee is made up of the Foreign Ministers of Egypt, Syria, Kuwait, Lebanon and Tunisia. The committee has already drawn up a five-point report dealing with various aspects of the differences between Arab countries, Arab League sources said.

The sources said the report dealt with the Eastern front

United front

CAIRO, Nov. 14.

By Jurek Martin

By Jurek Martin

Although full details of the settlement have not been released, it is believed to include a wage increase of about 30 per cent over the life of the contract. This would be well in excess of the 5.5 per cent a year guidelines for wage increases laid down by the Federal Pay Board, whose approval for the agreement must be secured. However, it is felt here that the Board will probably allow this particular settlement.

A major U.S. steamship company spokesman said that ocean freight rates on the trade routes between the U.S. Atlantic coast and the U.K. and France will rise 10 per cent on Monday. Also, rates between Portugal and Spain and the U.S. East coast will rise a like amount. A like advance between Japan and the U.S. West coast is also set, he

BY HUGH O'SHAUGHNESSY

His appeal comes at a time when copper workers at Chuquibambana, the world's biggest open-pit, are embarrassing the government with demands for a 10 per cent wage increase. Talking to a rally in the northern mining city of Antofagasta, the Chilean Premier said that Chile did not only ask for medical help but also for Cuban doctors. He assured Chileans they need

"I am speaking at the nitrate mine of Pedro de Valdivia, outside Antofagasta, the Cuban leader said "special emphasis on the fact that the nitrate belongs to all Chileans, the textile industry belongs to all Chileans, the copper belongs to all Chileans and so on." The country's resources belong to the whole country."

"He condemned the idea of workers' control of individual industries as leading to selfishness on the part of workers in more prosperous industries.

"In yesterday's remarks every-where points were made," Castro added, "that we must have a strong appeal to the masses."

Mr. Sorzolla reiterated that the outgoing Christian Democratic Government had left the present administration with a foreign debt of \$3,127.9m, not counting \$738m in the unpaid debts of the copper companies. Only Israel had as large a foreign indebtedness per head of population as Chile. He also claimed that the opposition had exaggerated the rise in Government spending abroad this year. This had, he added, risen \$29.9m in 1971 to \$64.5m in 1970 under the

BY OUR OWN CORRESPONDENT

In August the Government for the first time was able to sell three additional tranches of existing stocks (previously issued only once a year). It sold £13m. at once and £5m. since then.

...the opportunity last month to announce additional capital expenditure of £15m., all to be financed from these stocks. The cash into Government stocks seems largely to be an aftermath of last year's six-month closure of the market.

In the present circumstances, observers here see little possibility of any change in the official opposition to any effective payment for the U.S. copper lines which were taken over by the Government earlier this year. The nationalisation has met with the approval of Government and opposition supporters and the

BY ROBERT MAUTHNER

The agreement between the gas unions and the electricity gas enterprises, basically an extension of the first so-called contract for progress" signed in 1969, provides for a guaranteed increase in the purchasing power of workers of at least 2.5 per cent in 1972 and between 2 and 3 per cent in 1973. The increase in purchasing power will be calculated according to a formula taking into account the rise in the Domestic Product and the production and productivity per-

The agreement has been signed by all the unions involved except for the left wing CFTD, which has stated that it must first of all consult its members.

The Civil Service wage agreement, which provides for total pay rises of 7.7 per cent in 1971 and at least 5.5 per cent in 1972, in addition to being index-linked, is of at least equal importance.

Up to now, this has been the only sector for which the Government has been unable to persuade the trade unions to accept a global contract.

BY OUR OWN CORRESPONDENT

hat the continuing U.S. withdrawal will create problems for South Vietnamese Government was none the less tacitly acknowledged by a Foreign Ministry communique issued after the Nixon Press conference. The communique stated that there will be "increases in the size of our military forces," "some military experts here" believe that the South Vietnamese Army already faces a "power shortage particularly in the country's northernmost provinces, where the last remaining U.S. divisions—the

There has been some speculation about Mr. Nixon's reasons for announcing withdrawals covering only a two-month period, rather than a seven-month period as had been generally expected here. Observers point out that by allowing himself at least the neotheoretical option of reducing the withdrawal rate between February and June, Mr. Nixon is probably hoping to deter the North Vietnamese from launching a dry-season offensive in March or April, which could endanger the remaining American units.

COMPANY NOTICES

rice has been received from Tokyo the Third Ordinary General Meeting of the Company will be held at Tsushicho, Hamaguchi, Ukyo-ku, on Monday, 23rd November, 1971. Approval of Business Reports and Accounts for the year ended 31st April, 1971 to 30th September, 1971 will be discussed in accordance with Clause 15 of the Articles of Association of the Company and the resolutions of the Board of Directors. Receipts are notified that they must be presented to the Company by 22nd November 1971.

INTL SAMUEL & CO. LIMITED, 100, Wood Street, London, E.C.2. (where documents filed are available) Postcode W1B 7ATB. Nieuweaau 45, 6000 Antwerpen, Belgium. Tel. 03 22 20 11 (CREDITBANK S.A. LUXEMBOURG) 00357 37 rue de la Banque, Case 100, Luxembourg.

BANK OF TOKYO LIMITED, 25, Marunouchi 2-chome, Chiyoda-ku, Tokyo, Japan.

BANK OF TOKYO LIMITED, Düsseldorf, Schaafplatz 12, Federal Republic of Germany.

BANK OF TOKYO LIMITED, 93, Queen's Road Central, Hong Kong.

BANK OF TOKYO TRUST CO., 100, Queen's Road Central, Hong Kong. The undersigned, instructions may be given to INTL Samuel & Co. Limited to give effect to the instructions given by the Company.

These instructions may only be exercised upon presentation of Receipts representing Ordinary Shares on the Register.

Done, in English, of the full text of the Minutes concerning the Meeting, in French, of the full text of the business hours at the offices of the Company.

INTL SAMUEL & CO. LIMITED,
100, Wood Street,
London, E.C.2.

Austrian 4% Gold Renten (C) 2)
 Austrian 4%, Redeemable Treasury (C) 2)
 Hungarian 4% Gold Renten 1881, (C) 2)
 1888 and 1893
 Russian 4% 1910, 4% 1914, (C) 2)
 1913 and 4% 1914
 United States Government (A) 4)
 Southern Railway S.T.C.O. 3% and 4% (A) 4)
 1910
 Hungarian 3% State Gold (Iron (C) 2)
 Gates Loan 1885

**LA CAISSE COMMUNE DES POR-
 TEURS DES DETTES PUBLIQUES
 SUISSE ROMANDE ET HONOROISE** 52
 The following bondholders of the Caisse Commune des Porteurs des Dettes Publiques Suisse Romande et Honoroise are entitled to receive interest on bonds published in 1953, 1954 and 1955, to a procedure of validation by the Court.

After consultations with the successor of the former Cantonal Government of Valais, the Canton of Vaud, the Caisse Commune announces that the period for presenting claims for the redemption of these loans will definitely close on 31st December 1971.

The Claims must be presented at the appropriate Paying Agency, i.e.—

- (1) Foreign Bondholders (1, 5 and N. 6)
- (2) M. Rothchild & Sons Ltd. (3 and 4)
- (3) Hebert Brothers & Co. Ltd. (2)

on or before 31st November 1971.

**IMPERIAL JAPANESE GOVERNMENT
 4% STERLING LOAN OF 1910**

The Bank of Tokyo, Limited, are instructed by the Japanese Government to announce that the COUPONS due last 1st November, 1971 No. 123 presented from the holders of the said loan after 1st December 1971.

The coupons shall be payable for payment to the Bank of Tokyo, Limited, 20/22, Corporation Lane, EC2R 6DH, listed on the London Stock Exchange, after 10 A.M. and 2 p.m. They must be presented at least two clear days for examination.

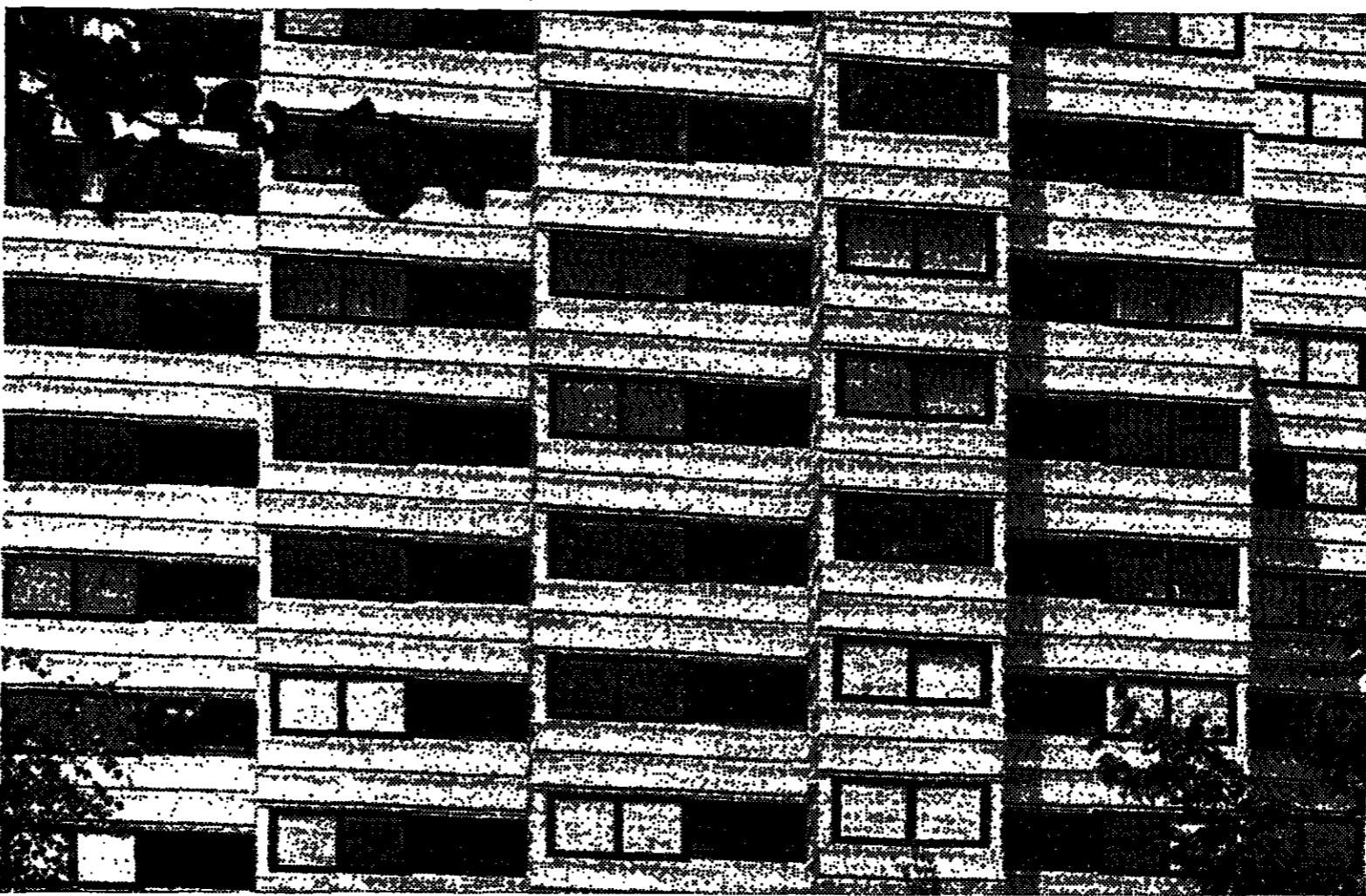
In accordance with the Exchange Control Regulations, the coupons may also be received from and paid to an Authorised Agent.

SURRELL AND CO, LIMITED

"TICK" IS HEREBY GIVEN THAT the
any share TRANSFER BOOKS of
the Company will be closed from 12 noon
on 1st December 1971 to 31st December 1971,
15 days inclusive, for the preparation
arrangements in respect of interim Divi-
dends ending 31st December.
For consideration of the Board.
This Dividend TRANSFER BOOK will be
closed with the Company by 2 p.m.
on 15th November 1971.
By Order of the Board,
S. B. SLAUGHTER, Secretary,
The Office, Maryland Road, London E15

NOTICE IS HEREBY GIVEN THAT the
100 ordinary shares of the Company will be
OFFERED FROM Monday 22nd November,
1971 until Saturday, 27th November,
1971, by days inclusive.
By Order of the Board,
R. MACLISCH Secretary.

Hoechst keeps thinking ahead



solution of specific problems. Interdisciplinary thinking, systems analysis and systems technique to bring success. To keep thinking ahead – to solve the problems of today and tomorrow – Hoechst employs 10,300 people in research and development with a research investment this year of more than £60 million.

Hoechst in Britain

Hoechst UK Ltd is an independent company within the international Hoechst group. Its British staff know their country, its problems, its people; and they know where Hoechst products can inject into Britain's economy the experience gained by the parent company during more than a century in chemistry. In pharmaceuticals, for example, where Lasix—the modern diuretic—has revolutionised therapy. In the textile industry, where Trevira polyester fibre has brought an entirely new concept to fashion. And where membrane structures from Trevira high tenacity fabric have at long last rendered outdoor events independent of the weather. Or in dyestuffs where experiments are proceeding to make the grass look greener in football stadiums and other sports arenas. Whether your problems are in plastics or paint raw materials, in dyestuffs or pigments, in fibres or in pharmaceuticals, in agro-chemicals or films, Hoechst UK can help you promptly and efficiently.



HOECHST

Hoechst UK Ltd
Hoechst House, Salisbury Road
Hounslow, Middlesex
01-570 7712

Hoechst research builds for the future

The world's population grows bigger every day. More babies are born. More people live longer. Standards of living are rising. This means more and better houses. More and better hospitals, schools, offices and buildings of every kind. And improved systems from which to build them.

Hoechst research has provided Hostalit Z, a high-impact PVC system for external cladding and window systems. They look attractive and do not require maintenance; they cannot break, chip, rust or corrode even in sub-zero temperatures or corrosive industrial and coastal atmospheres. Hoechst research has provided Mowilith, the material with a thousand uses, for paints, adhesives, cements. And it has provided Treviral high tenacity, the Hoechst polyester filament which has added a new dimension to architecture and building construction.

Ahead through systems thinking

Plastics for no-maintenance building systems in a busy, modern world, short of time and conscious of cost. Raw materials for paints to brighten and protect the modern home. Trevira high tenacity fabric to break through architectural frontiers – the result of Hoechst know-how and experience in many fields: In the development of a wide range of plastics; in the formulation of suitable pigments; in synthetic resins, fibres and, through its subsidiaries Friedrich Uhde GmbH, in constructional techniques. Systems thinking is the Hoechst strategy. Research, development and product experience in many areas are concentrated on the

THE WEEK IN THE COURTS

The law of obscenity is now further confused

BY JUSTINIAN

OCIETY'S aim to control offensive publications has hardly been helped by the Court of Appeal's decision in the Oz case. It is further, rather than easier, to solve the age-old question of where we are to draw the line between permissible and impermissible publications.

The modern law in England is expressed in the form of legal control proscribing obscene literature, defined since 1959 with minor modifications in the Obscene Publications Act, 1959. Any article which in its effect as a whole tends to deprave and corrupt those who are likely to read, see or hear the matter contained in it.

Definition

Much of the confusion in the application of the law stems from the word "obscene" and its definition. In other enactments, the Post Office Act, 1953, obscenity has its ordinary dictionary meaning, and in any event the offence is committed if the postal packet contains any obscene article. An obscene article is not necessarily obscene, but an obscene article is always obscene.

Obscenity in this context covers a multitude of sins. And there are at least grounds for thinking that the Oz editors have meant when they claim that the authorities used the law for the purpose of sustaining the moral restraints of society. The editors would advocate the change of precepts: in that sense, the conflict between prosecutor and defendant may be described as tactical.

Historical evidence tends to support that contention. Through ages man has been moved to press books largely out of social and political distaste. A glance at a list of banned books displays a curious variety of books outlawed on grounds that constituted heresy or were morally objectionable. The lives were not unnaturally. But many books were called "obscene" although they were scarcely that by the ordinary meaning of the word. "Gulliver's Travels" was once banned in Ireland as being obscene and detrimental to both government and morals. Hans Andersen's "Fairy Tales" were banned by the Tsar Nicholas I, also to its lack of obscenity. That also suppressed "Uncle Tom's Cabin" and "The Scarlet Letter". Jack London's "The Call of the Wild" was banned in Italy. Yugoslavia banned "The Idiot" until the Victorian era bawdiness at least was never suppressed. Censorship was concerned with those books which had a political character—political in its widest sense, to include ecclesiastical thought. The mediaeval church set its face against heresy rather than obscenity. Boccaccio with his "Decamerone", Chaucer, Rabelais, Shakespeare and Goethe represented the heights in the literary art and expression of bawdiness. It was only with the introduction of Swiftian "smut" that obscenity fell foul of public opinion, and ultimately the law.

The examples of suppression are legion: in modern times it has only been the innate good sense of those empowered to bring prosecutions that has kept the banning of written works within tolerable bounds. That indefatigable advocate for law reform, Sir Alan Herbert, who died last week, demonstrated in his "Uncommon Law" the lengths to which a prosecutor might, before the 1959 Act, successfully have struck down serious literary works.

He cited the example of a public schoolmaster having to answer an application for a destruction order of the Greek and Latin classics. The magistrate's remarks might be as follows: "We have read with particular repugnance the record of the alleged god Zeus, whose habit it was to assume the shape of swans, bulls and other animals, and thus disguised, to force his unwelcome attentions upon defenceless females of good character."

A spate of prosecutions in the mid-1950s, when reputable publishers were taken to court for publishing risqué novels like "The Philanderer" and "Lolita," led to one important change in the law. Obscene books could be published with impunity if it was for the public good, on literary, sociological or medical grounds. It was this sensible reform that has paradoxically led to much of the present confusion.

Expert evidence

The 1959 Act specifically provided that the accused could call expert evidence of the literary or sociological merits of his work. Since then experts have trotted into the witness box not only to testify to the public worth of the work on trial but also to its lack of obscenity. That practice was endorsed in a case in 1968.

But now that ruling has in effect been reversed. [Expert evidence which bears relevance to the defence of "public good" but is directed to showing that the article is not obscene (as was

so much of the evidence adduced at the Oz trial) is no longer to be admissible. Juries will have to judge the obscene quality of the article unaided by expert views. In fairness to Lord Widgery and his two judicial brethren in the Court of Appeal, their ruling on this score was only interpretative of the Act, and they recognised that it might be an unnecessarily restrictive attitude—but that was a matter for Parliament.

The other change, which has prompted confusion in the obscenity law, was also a by-product of sensible reform. It had been the practice of prosecutors to single out passages in a book and seek condemnation of the whole work. The trial of "Lady Chatterley's Lover" was a prime example. The 1959 Act underlined the law's attitude that the article had to be seen as a whole. A novel had to be read from cover to cover and not dissected.

Separate items

That was fine for the book. But what about a magazine or newspaper comprising lots of separate items? Was the publication to be damned because a news item taken by itself was obscene? Again the Court of Appeal, on a literal reading of the 1959 Act, ruled that, unlike the publisher of a novel, the magazine publisher—who had a far greater discretion on what to include or leave out—was to have his publication judged under the item-by-item test. Hence the wealth of undeniably inoffensive and positively good material in Oz sank under the weight of a minority of offensive articles.

There are no easy solutions to the problem of censorship. Once the Danish solution of licensing all publications (and only controlling the mode of displaying offensive material) is rejected, any dividing line is bound to be troublesome. The subject needs deep study before the law's appropriate response can be suggested. But one thought is worth injecting into the current debate.

The written word calls for some imagination on the part of the reader; the pictorial demands no mental application, only imitation. Was it the cartoons in Oz rather than the verbal advocacy that really offended? Do reading, seeing and hearing have equal effect upon the reader, the viewer or the listener? If not, at least one line can be drawn which would have implications for those media that are visual rather than verbal.

APPOINTMENTS Philip Hill Investment Trust chief

Mr. Bryan R. Basset has been appointed managing director of PHILIP HILL INVESTMENT TRUST from May next year to succeed Mr. Brian A. C. Whitmore, who is to reduce his commitments but will continue as a vice-chairman. Mr. Basset will resign his partnership with Panmure Gordon and Co., stockbrokers, to take up his new post.

Mr. Owen P. Connellan has joined the Board of ARTAGEN PROPERTIES as an executive director.

Mr. Michael Stoddart has been elected a director of CABLE TRUST. He is a managing director of Singer and Friedlander and a director of C. T. Bowring and Co.

Mr. Peter Stowley, previously vice chairman, has become managing director of FESTIVAL INTERNATIONAL RECORDS in place of the late Mr. Mike Sloman. Mr. Eddie Jarrett has been made a director and Miss Vicki Walton international director. The new controller of Artists and Repertoire is Mr. Peter Hebbes.

Mr. Clive E. Dixon has joined the Board of ROBERT HUDSON AND SONS (PTY.), a member of the Robert Hudson Group. He is deputy chairman of Jesse Properties.

Mr. Ronald Clarke, circulation sales manager of the Daily Mirror, has been appointed director of promotions and publicity of the IPC NEWSPAPER DIVISION. The new circulation sales manager of the DAILY MIRROR will be Mr. Cyril Davidson, currently circulation sales manager of Sporting Life and Reveille. They will both take up their new jobs on December 1.

Mr. Arthur Brittenden, until recently Editor of the Daily Mail, has been appointed managing director of WIGMORE CASSETTES. Chairman of the Board is Mr. Ian Hunter.

Dr. Norman J. Harper, group director of research and development and chief executive of the Sterling-Winthrop Research Division, has been elected to the Board of STERLING-WINTHROP GROUP.

Mr. John Clewer, managing director of Aerosols International, has been appointed to the Board of JEVES GROUP.

Mr. J. B. Rorke has joined the Board of WOLSEY as a director for sales and marketing. Mr. John Raven is now responsible as a director for the ladies' lingerie and underwear divisions.

PRIVATE SECRETARY TO MINISTER

Mr. James Prior, Minister of Agriculture, Fisheries and Food, has appointed Mr. J. W. Hepburn, 32, to be his private secretary from November 15 in succession to Mr. D. Evans, who is being promoted.

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BANQUE INTERNATIONALE A LUXEMBOURG S.A.

ROBB CALEDON Shipbuilders Ltd.

Points from the Statement by the Chairman, Sir John Brown, circulated with the Report for the year ended 31st March, 1971.

The loss for the year was £504,073 compared with the previous year's loss of £617,007 and the estimate of not less than £350,000 referred to in the interim statement. Although the loss appears to be substantially in excess of the estimate made at the half-year, the difference is explained to a considerable extent by the necessity to provide for an increase in the loss anticipated on one particular ship and the loss incurred by a subsidiary which has now ceased operations.

The reasons for the further substantial losses incurred were first, delay in completion of certain vessels through a failure to obtain a satisfactory rate of output coupled with delays in the supply of and/or subsequent failure in performance of equipment from sub-contractors, involving penalties which were not fully recoverable and, secondly, increases in wages and overheads at substantially higher rates than could reasonably have been anticipated.

The salient feature of the shipbuilding industry at present is the scarcity of orders. The withdrawal of investment grants to shipowners in October, 1970 coincided with a substantial decline in freight rates and an increase in shipbuilding loan interest rates, thereby inhibiting a number of new building projects. We are therefore short of orders but we believe we have good prospects of finding work in the near future of the type suited to our work force and facilities.

The Company's future depends almost entirely on continuity of production and improved output sustained over a period. Working during the last six months encourages us to hope that better things are in store and we are confident that we can look forward to recouping in the current year and in 1972-73 some part of the losses suffered in the past two years.

Copies of the Accounts and Chairman's Statement may be obtained from the Secretary, Caledon Shipyard, Dundee, DD1 3NB.

Metrication "should keep prices down"

METRICATION should help to keep prices down, Mr. Gordon Bowen, director of the Metrication Board, said yesterday.

If shops and companies used the change-over as an excuse to force prices up they would be hoodwinking the public.

"I am quite prepared to believe there are people who will seize on metrication in this way, but it has nothing to do with the facts of commercial life," he said.

Britain should be fully metric by 1975.

Mr. Bowen said costs might go up—but there is no justification for saying it is because of the change-over itself.

"If metrication is well managed, it will lead to increased efficiency which should result in prices being lower than they otherwise would have been."

"I think this is quite possible, especially if metrication is used properly in conjunction with decimatisation. But it all depends on the skill of management and the effectiveness of their decisions."

Mr. Bowen said the next stage depended on when the Government placed its legislative proposals, covering a whole new range of goods, before Parliament. They would be contained in a White Paper. The public would then be told about them in a national publicity campaign.

Potato surplus cost £18m.

THE 1970 potato surplus of 1,336,000 tons cost £18,219,843 to buy off the market, says the annual report of the Potato Marketing Board today.

The Government paid £12,715,593, and the remainder was met by the Board. The Government is also faced with a deficiency payment of £4,504,453 on the crop because the average market price was well below the guaranteed price.

This left £1m. to be charged to the Board's Market Support Fund.

The buying programme was needed because a record yield of 11.3 tons an acre brought a crop of 6,987,000 tons.

"This was far more than was required to meet a rate of demand which, at 188 lbs per head of the population, showed no recovery from the relatively low level of the previous year," says the report.

More than 600,000 tons of surplus was sold as stockfeed, but no market could be found for nearly 700,000 tons. Heavy producer-controlled marketing yields this year have again boards.

brought a potato surplus, but the Board says it will not be so large as last year. A support buying programme has already started.

Conference to discuss farm marketing

By Our Commodities Staff

The National Farmers' Union's latest idea for strengthening the marketing capability of farmers is to be discussed at a special conference on November 29. Those invited are expected to include leaders of the milk, potato, wool and hops marketing boards as well as representatives of the major agricultural co-operatives and the three U.K. farmers' unions.

The NFU recently agreed to back the idea of central bodies to strengthen the marketing of but no market could be found for nearly 700,000 tons. Heavy producer-controlled marketing yields this year have again boards.

THOMAS WARRINGTON & SONS LIMITED

(General Building and Public Works Contractors)
Ellesmere Port

The Directors of Thomas Warrington & Sons Limited have declared an Interim Dividend for the year ending 31st December, 1971, of 94% (1970-94%) payable on the 15th December, 1971.

The following is a statement by Brian Warrington, Chairman:

"In my statement in April I mentioned that the volume of work available and obtained during 1970 was much below that for the previous year and that I did not expect the building industry to return to the peak level it had reached over the years prior to 1970, for some years. However, there now appears to be an upturn in the activity of the building trade but I feel it will be sometime before the benefit of this is felt."

We are still obtaining our fair share of contracts for which we are tendering and there is a further improvement in the private sector. We are expanding the property investment side of the company considerably, particularly in the industrial field, and enquiries we are receiving for lettings up to date are very encouraging.

Subject to no unforeseen circumstances, I feel that the results we anticipate producing for the year ending 1971 should prove satisfactory."

AIRFAX JERSEY GROUP LTD.

P. Barker, LL.B., Chairman, reports on the year ended 30th 1971—

Turnover at £1.8 million increased by 40%.

Profits at £513,000 were up by some 21%.

Dividends total 47% against 20%.

On Prospects, he says:—

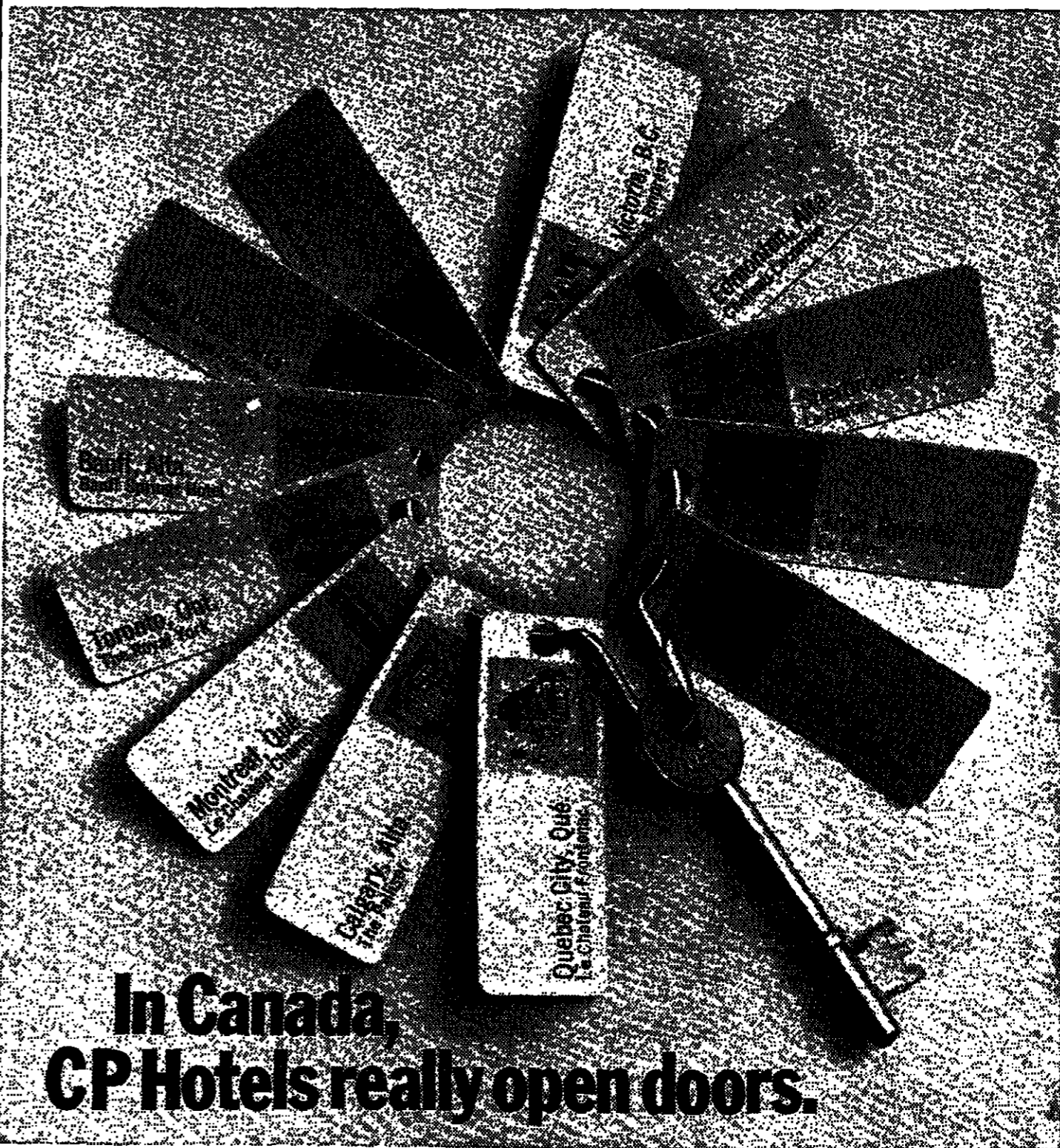
The Group is in a position of greater flexibility and financial strength than ever before. We have budgeted for increases in volume and range of production.

Capital expenditure commitments—£130,614 at 30th June 1971—have been increased by further machinery orders worth £200,000.

These will absorb the 29,000 sq. ft. extension occupied in September 1971. Plans for a further 40,000 sq. ft. to be ready in 1972, are being drawn up.

Our plan for the year is to develop the sophistication and versatility of our general range.

Unless there is a substantial general downturn in the double jersey industry, we expect net profits for the current year will exceed last year's results.



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A copy of this Offer for Sale, having attached thereto the documents mentioned herein, has been delivered to the Registrar of Companies for registration. Application has been made to the Council of The Stock Exchange, London for permission to deal in and for quotation for the whole of the issued share capital of the Company. The Application Lists for the Ordinary Shares now offered for sale will open at 10 a.m. on Thursday, 18th November, 1971, and will close on the same day.

Bernard Matthews Limited

(Incorporated under the Companies Act, 1948)



SHARE CAPITAL

Authorised
£1,250,000 in 5,000,000 Ordinary Shares of 25p each

Issued and to be
issued fully paid
£1,000,000



The Company has outstanding an unsecured bank overdraft, which on 29th October, 1971 amounted to £297,930. Save as aforesaid and apart from inter-company indebtedness and guarantees, neither the Company nor any of its subsidiaries has outstanding any mortgages, charges, debentures, bank or other similar indebtedness, hire purchase commitments or guarantees or other material contingent liabilities.

Kleinwort, Benson Limited

Offer for Sale of 1,600,000 Ordinary Shares of 25p each at 100p per share payable in full on application

The Ordinary Shares now offered for sale will rank in full for all dividends hereafter declared or paid on the Ordinary Share Capital of the Company. However, it is not the intention of the Directors to recommend any dividends in respect of the 53 weeks ending 2nd January, 1972.

DIRECTORS

BERNARD TREVOR MATTHEWS,
(Chairman and Managing Director)
Great Wingham Hall, Norwich, Norfolk, NOR 65X.

STANLEY SUTHERLAND SMITH, M.A. (Hons.)
"Half Acre", The Street, Taverham, Norwich, Norfolk, NOR 63X.

CHRISTOPHER JOHN HARRY SIMPSON, B.Sc. (Hons.), M.L.Biol.
The Old Rectory, Aylsham, Norwich, Norfolk, NOR 07Y.

ROBERT ALEXANDER NICOLL, NAPIER, B.Sc. (Agric.)
Dip. Anim. Genetics, Ph.D.
"Auchnacree", Weston Longville, Norwich, Norfolk, NOR 55X.

STANLEY ALFRED BRIGGS, F.C.W.A., A.C.I.S.
Flint Cottage, Gt. East Dereham, Norfolk.

MICHAEL CARSEY CHITCOCK, M.C.
56B Cathedral Close, Norwich, Norfolk, NOR 16P.

SECRETARY AND REGISTERED OFFICE
STANLEY ALFRED BRIGGS, F.C.W.A., A.C.I.S.
Great Wingham Hall, Norwich, Norfolk, NOR 65X.

BROKERS

JAMES CAPEL & CO.
Winchester House, 100 Old Broad Street, London, EC2N 1BQ
and The Stock Exchange, London.

AUDITORS AND REPORTING ACCOUNTANTS

DIXON, WILSON & CO. (Chartered Accountants)
Gillett House, 55 Basinghall Street, London, EC2V 5EA.

SOLICITORS

To the Company:
DAYNES, CHITCOCK & BACK
57 London Street, Norwich, Norfolk, NOR 01E.

To the Offer:
THEODORIS GODDARD & CO.
16 St. Martin's-Le-Grand, London, EC1A 4EJ.

BANKERS

BARCLAYS BANK LIMITED
30 London Street, Norwich, Norfolk, NOR 11E.

RECEIVING BANKERS AND TEMPORARY REGISTRARS
KLEINWORT, BENSON LIMITED
Registration and New Issues Department, 13 Rood Lane, London, EC3M 8BB.

REGISTRARS AND TRANSFER OFFICE

BARCLAYS BANK TRUST COMPANY LIMITED
Registration Division, P.O. Box No. 123, 2 London Wall Buildings, London Wall, London, EC2P 2BU.

HISTORY AND BUSINESS

Mr. Bernard Matthews first started in business as a breeder of turkeys in Norfolk in 1950. The business progressed and in 1955 Great Wingham Hall and some 36 acres of land were acquired. In 1959 the Company was formed and acquired this business from Mr. Matthews.

The Company was a pioneer in developing the year-round, as opposed to seasonal, production of turkeys and as a result of continuous research, development of breeding programmes and expansion of the growing and processing aspects of the business, the Company has now developed to what is believed to be the largest integrated turkey producer in Europe. Production now exceeds two million birds per annum, a substantial proportion of which are sold under its own registered trade mark "Norfolk Manor".

Every aspect of the integrated production of turkeys is undertaken by the Company, from the breeding of pedigree birds through to the processing and freezing in over-ready form. The Company also carries out extensive research and development into all aspects of turkey production.

Sales and Marketing

In each of the last ten years approximately 90 per cent. of the Company's sales have been in the form of frozen over-ready turkeys. The balance of the Company's sales have been in fresh turkeys, both whole and in cut portions, and also in breeding stock and hatching eggs for commercial growing stock.

Over this period the annual availability of turkeys in frozen and fresh form in the United Kingdom is estimated by the Company to have increased from approximately 54 million birds in 1962 to 13 million in 1970. This represents an overall rate of expansion of the order of 11 per cent. per annum.

Sales by the Company have not only kept pace with the growth of the industry, but in recent years the Company has significantly increased its share of the turkey market. In respect of 1970 the Company estimates that its sales represented approximately 17 per cent. of the total turkey market and 22 per cent. in frozen over-ready form.

The growth of the market for turkeys can largely be attributed to two factors. First, the overall reduction in price as compared with continuous increases in the price of red meats and second, the development of sales at times other than Christmas, in particular at Easter and other holiday periods. For example, consumption of turkeys at Christmas is now believed to represent about 50 per cent. of total annual consumption, whereas in earlier years this amounted to as much as 80 per cent. In addition, there has been a considerable increase in recent years of sales throughout the year and the sale of turkey in cut portions has expanded. As the original producer of the "mini" turkey, which weighs between 5 and 7 lbs., the Company has played an important part in the development of these markets.

The Company sells to approximately one hundred customers, sales being almost equally divided between the wholesale and retail trades. Among the famous high street outlets served by the Company are Baxters (Butchers), the Co-op, Debenhams, Fine Fare, Mac Fisheries and J. Sainsbury. The Company also serves major meat retailers and a range of food stores, both wholesale and mail order houses including Littlewoods. No single customer took more than 15 per cent. of total sales in respect of 1970.

The Company's sales policy is to contract on a forward basis for the major part of its output and sales are generally made two to four months ahead of production. Over 90 per cent. of the 1971 production has already been sold.

Apart from consumer products mentioned above, the Company has built up over the years sales of turkey breeding stock and technology. Over the last three years in particular, export sales have been substantially expanded and at present the Company has a major share of the turkey breeding stock market in Hungary and Yugoslavia, as well as exporting to many other European countries.

Breeding, Research and Development

The Company has been engaged in the scientific breeding of turkeys since 1959 and during that time has developed the internationally accepted Matthews Ten-30 strain, which combines high reproductive performance with good meat production. This strain, which is used by the Company is also sold as mentioned above.

As protection against loss through disease, the breeding flocks for the production of eggs, which are distinguished from the commercial growing flocks, are held at ten widely dispersed sites, six of which are provided by local farmers with whom the Company has contractual arrangements. In addition to the breeding research programme, the Company has a team of some 25 people involved in environmental and nutritional research, which covers in particular the design and management of turkey rearing houses and the formulation of turkey feeds in respect of both the breeding and commercial growing flocks. The Company rents an IBM computer which is installed at Great Wingham Hall and on which all research data is both recorded and analysed.

A health laboratory is also maintained, controlled by a professional bacteriologist assisted by qualified staff. This laboratory examines the health status of the health status of both the growing and the breeding birds and examines the effectiveness of all cleaning and hygiene procedures.

Hatchery

The hatchery, which is situated in the grounds of Great Wingham Hall, is equipped with modern machinery and has a capacity to incubate 110,000 eggs per week. It has its own water conditioning plant, central heating system, and stand-by generating plant so that a failure of the electricity supply cannot jeopardise the incubation process.

Rearing

The Company has developed and built turkey rearing houses in which light, ventilation and temperature can be closely controlled at optimum levels for stock comfort and efficient production. After the initial brooding stage, watering and feeding is automatic.

The turkey rearing houses are situated on 5 separate sites, all of which are within 25 miles of Great Wingham Hall. The growing of turkeys in a controlled environment has led to a significant reduction in production costs. As far as possible each of the Company's rearing sites is sub-divided into small groups of houses operated on an all-in, all-out basis so that the presence at the same time of both young and old birds on a site is kept to a minimum.

Processing

The Processing Plant is situated in the grounds of Great Wingham Hall. It has an annual capacity for processing 24 million over-ready turkeys and a cold store with a capacity to hold 200,000 turkeys. The Company intends to expand this plant during 1972 at a cost of some £300,000 which will not only allow for a greater volume of production of over-ready turkeys but will also provide extra capacity for producing turkey meat in other forms.

MANAGEMENT AND STAFF

Mr. Bernard Matthews, the founder of the business, is the present Chairman and Managing Director. He is 41 years of age and has spent most of his working life in the business. He has recently been elected as the Chairman of the British Turkey Federation and is also the Chairman of the local Board of the Commercial Union Assurance Company Limited.

As the Company has developed, Mr. Matthews has built up a management team covering each of the various activities of the Company. The Directors in charge of the Company's main activities are described below.

Mr. S. Sutherland Smith, aged 53, is Director of Marketing and has been with the Company for 7 years.

Mr. C. J. H. Simpson, aged 45, is Production Director and has been with the Company for 8 years. Dr. R. A. N. Napier, aged 39, is Director in charge of the Breeding Division and has also been responsible for genetic and environmental research during his period of 10 years' service with the Company.

Mr. S. A. Briggs, aged 52, is Financial Director and Secretary; he has been with the Company for 7 years.

Mr. M. C. Chittock, solicitor, aged 56, is a non-executive Director and a partner of Daynes, Chittock & Back, the Company's legal advisers; he has been a Director for 8 years.

The Company employs approximately 480 people. Labour relations are good and by virtue of its location the Company is fortunate in the traditional Norfolk stockmanship skills of its farm staff. A Profit Sharing Scheme is in operation for some 42 executives and managers, including executive directors, and is based on the return on capital employed. There is also an optional contributory pension fund and life assurance scheme, which was established in 1963 and is available to all monthly paid staff.

LAND AND BUILDINGS

The Company owns the freehold of Great Wingham Hall, most of which has been converted to office accommodation. However, one wing is occupied, rent free, by Mr. and Mrs. Matthews and their family.

The Company owns freehold land at 9 sites all of which are within 25 miles of Great Wingham Hall and amount in total to 944 acres.

Eighty-nine turkey houses, purpose-built by the Company's own building division, are situated on the above sites. The houses are of timber and asbestos construction on concrete bases and have a total floor area of 1,700,000 sq. ft.

The Processing Factory, which was built between 1960 and 1963, has a floor area of approximately 51,000 sq. ft. and includes a cold store with a capacity of 250,000 cu. ft.

WORKING CAPITAL

The Directors are of the opinion that, taking into account the bank facilities which are available, the Company has sufficient working capital available for its present purposes.

PROFITS, PROSPECTS AND DIVIDENDS

The results of the Company for the 11 financial periods ended 27th December, 1970, together with the results for the 26 weeks ended 11th July, 1971 and the net tangible assets at that date, are dealt with in the Accountants' Report. Particular reference is made in that Report (Note (a) of the section dealing with Turnover and Profits) to the results for the first four financial periods ended 30th April, 1964. As a consequence of the compulsory slaughter of healthy birds mentioned in that Note, the Company had to reorganise its breeding programme and the results for the following 30 months ended 2nd January, 1966 continued to be adversely affected.

During the last five years sales have increased from £2 million in 1966 to £25.5 million in 1970 and the profit before tax has increased from £100,000 to £374,000. Over the same period there has been a substantial

reduction in production cost per lb. of turkey. This reduction has been achieved mainly by the successful formulation through nutritional research of lower cost turkey feeds (which represent approximately 50 per cent. of the total cost of producing turkey in over-ready form), the introduction of controlled environment rearing houses, both breeding and growing flocks and the elimination of contract growing of commercial birds by outside farmers. The development of the Company's turkey breeding programme has also resulted in a major reduction in the cost of producing day-old turkey chicks.

The profits before tax for 1970 would have been significantly higher but for the widespread outbreak of fowl pest which occurred in the autumn of 1970 and affected some of the Company's growing flocks. At that time the only vaccine permitted to be used by the Ministry of Agriculture was of the inactivated type and this failed to give adequate protection to young birds. The Company has since co-operated with the Ministry to develop an effective vaccination policy, which includes the use of live vaccines and, as a result, there is now evidence to suggest that turkeys can be vaccinated to give protection against fowl pest.

The audited accounts for the first 26 weeks to 11th July, 1971 show a profit before tax of £165,578, which is considerably in excess of the profit shown by the management accounts for the corresponding period in 1970. The rate of profits shown in the first half is, however, not indicative of the year as a whole since the major part of the Company's annual profits are earned in the second half.

On the basis of the audited figures for the first 26 weeks and the results as indicated by the management accounts up until the end of October, the Directors expect that in respect of the 53 weeks ending 2nd January, 1972, although sales by volume will be approximately the same as those for 1970, sales by value will exceed £4,000,000 and that, in the absence of unforeseen circumstances, the profits before tax will be in excess of £700,000. This increase in profits over the previous year is primarily accounted for by the reduction in production cost per lb. of turkey and the expansion of its production and is anticipated lower overall costs due both to a larger volume and further economies arising from continued research and development into all aspects of turkey production. Following this year's excellent harvest, the Company has been able to make certain forward contracts for the supply of feed stuffs at favourable prices and it is anticipated that there will be a significant reduction in total feed costs per lb. in 1972. In addition to its plans to expand sales of over-ready turkey and turkey portions, the Company is promoting sales of breeding stock in egg form in Europe, which is a new development for the Company.

It is not the intention of the Directors to recommend any dividends in respect of the 53 weeks ending 2nd January, 1972. However, in relation to this level of profits it would be their intention to pay in respect of the following financial period an interim dividend in October, 1972 of 10 per cent. and a final dividend in May, 1973 of 15 per cent., making a total of 25 per cent. The appropriation of the profits of the Company would, therefore, be as follows:—

| | £ |
|--|---------|
| Profits before taxation | 700,000 |
| Less: Corporation tax at 40% | 280,000 |
| Profits after tax | 420,000 |
| Less: Dividends totalling 25% (6.25p per Share) on the issued Ordinary Share Capital of £1,000,000 | 250,000 |
| Retained | 170,000 |

On this basis the gross dividend would be covered 1.88 times by profits after taxation, and at the offer price of 100p per Ordinary Share the price/earnings ratio and dividend yield would be 9.52 and 6.25 per cent. respectively.

ACCOUNTANTS' REPORT

The following is a copy of the Report by the Company's auditors and the reporting accountants Dixon, Wilson & Co.:

Gillett House, 55 Basinghall Street,
London, EC2V 5EA

The Directors,
BERNARD MATTHEWS LIMITED and
KLEINWORT, BENSON LIMITED

Gentlemen,
We have examined the audited accounts of Bernard Matthews Limited and of its subsidiaries (together called "the Group") for the eleven accounting periods ended 27th December, 1970 and the period of 26 weeks ended 11th July, 1971. The subsidiaries are wholly owned. We have been auditors of the Company and of its subsidiaries since 1967.

We report as follows:—

1. **TURNOVER AND PROFITS**
The turnover and profits of the Group, arrived at on the basis set out below, were as follows:—

| | Turnover (1) | Depreciation (2) | Profits before Taxation (3) |
|------------------------------------|-----------------|---------------------|-----------------------------------|
| | £ | £ | £ |
| The 4 years ended 30th April, 1964 | | | |
| Period ended | | | |
| 31st December, 1964 (6 months) | 1,563,841 | 58,847 | 65,074 |
| 2nd January, 1966 | 2,020,302 | 92,779 | 6,451 |
| 1st January, 1967 | 2,006,021 | 88,029 | 40,886 |
| 31st December, 1967 | 2,233,383 | 107,720 | 25,955 |
| 28th December, 1968 | 2,674,802 | 94,817 | 230,983 |
| 28th December, 1969 | 3,161,987 | 104,580 | 355,560 |
| 27th December, 1970 | 3,509,499 | 126,130 | 324,053 |
| 11th July, 1971 (26 weeks) | 1,584,884 | 84,014 | 166,578 |

Notes: (a) Under the authority of the Diseases of Animals Act, 1950 whereby the Minister of Agriculture, Fisheries and Food could order the slaughter of poultry (which included turkeys) in places where fowl pest had been diagnosed, orders were made on certain of the Group's sites in respect of both breeding and growing turkeys in each of the four years ended 30th April, 1964. Compensation was received for healthy birds slaughtered, a substantial part of which related to mature breeding birds maintained by the Group for breeding purposes and not for the purpose of sale. Normal trading activities were, as a consequence, materially disrupted during this period. The turnover of the Group, excluding compensation, for each of these years ended 30th April was—1961 £208,288; 1962 £402,486; 1963 £771,299 and 1964 £1,349,359.

(b) It is not possible to reconstruct what the results for each of these four years would have been in the absence of the stock losses, which were material in relation to the state of the flocks then maintained. The results for this period, including compensation received, would have no relevance to normal trading in any one year and would therefore be misleading. Over this period the net assets of the Group increased by £482,853.

(c) Turnover in column (1) represents sales to outside customers after making such adjustments as we consider appropriate.

(d) Profits shown in column (3) are stated before taxation but after charging all operating expenses including depreciation, as shown in column (2), interest and Directors' emoluments and after making such adjustments as we consider appropriate.

(e) The figures of depreciation in column (2) have been adjusted to reflect a consistent basis throughout the period covered. No depreciation is provided on the cost of freehold land or on the freehold of Great Wingham Hall and the modifications thereto for office purposes.

(f) The aggregate amount of the emoluments of the present directors of the company paid for the period ended 11th July, 1971 was at the annual rate of £41,798 including the entitlement of four directors from the Profit Sharing Scheme in respect of the accounting period ended 27th December, 1970 of £2,048; under the arrangements now in force the emoluments would be at the annual rate of approximately £50,000 including an estimate of the entitlements from the Profit Sharing Scheme for the current accounting period ending 2nd January, 1972 of £11,260.

2. **NET TANGIBLE ASSETS AS AT 11th JULY, 1971**
The net tangible assets of the Company and of the Group based on the Balance Sheets as at 11th July, 1971 were:

| | COMPANY £ | GROUP £ |
|--|--------------|------------|
| Fixed Assets | | |
| Freehold Land | 136,813 | 136,813 |
| Buildings | 53,560 | 70,128 |
| Plant, Machinery and Equipment | 127,911 | 127,911 |
| Motor Vehicles | 123,994 | 123,994 |
| Intangible Assets | 1,053,574 | 1,053,574 |
| Current Assets | | |
| Stocks at cost less cost of sales and net realisable value | 1,055,470 | 1,055,470 |
| Debtors | 254,784 | 254,784 |
| Cash | 1,485 | 1,485 |
| Current Liabilities | 1,331,719 | 1,331,719 |
| Net Current Assets | 448,307 | 448,307 |
| Net Tangible Assets | 1,503,886 | 1,503,886 |
| Less: Current Liabilities | | |
| Bank Overdraft | 297,930 | 297,930 |
| Current Liabilities | 297,930 | 297,930 |
| Net Tangible Assets | 1,205,956 | 1,205,956 |
| Less: Current Liabilities | | |
| Bank Overdraft | 297,930 | 297,930 |
| Current Liabilities | 297,930 | 297,930 |
| Net Tangible Assets | 908,026 | 908,026 |
| Less: Current Liabilities | | |
| Bank Overdraft | 297,930 | 297,930 |
| Current Liabilities | 297,930 | 297,930 |
| Net Tangible Assets | 610,096 | 610,096 |
| Less: Current Liabilities | | |
| Bank Overdraft | 297,930 | 297,930 |
| Current Liabilities | 297,930 | 297,930 |
| Net Tangible Assets | 312,166 | 312,166 |
| Less: Current Liabilities | | |
| Bank Overdraft | 297,930 | 297,930 |
| Current Liabilities | 297,930 | 297,930 |
| Net Tangible Assets | 14,236 | 14,236 |

NOTES:

(a) Investment Grants received have been deducted from the cost of Fixed Assets shown above.

(b) Taxation Equilibrium Reserve represents Corporation Tax at 40% on the difference between the net book value of fixed assets ranking for capital allowances and their corresponding written down value for taxation purposes.

(c) Commitments for capital expenditure not provided for including expenditure authorised but not contracted for amounted to £2,500 at 11th July, 1971. Rentals payable in the future on leasing agreements, with three year primary period terms, for plant and equipment amounted to approximately £21,000.

(d) The bank overdraft shown above was at 11th July, 1971, secured. Facilities have since been arranged on an unsecured basis and the security has been released.

3. **DIVIDENDS**
No dividends have been paid on the Company's issued Ordinary Share Capital in respect of any of the last five financial periods ended 27th December, 1970 or in respect of the period ended 11th July, 1971.

4. **ACCOUNTS**
No audited accounts of the Company or its subsidiaries have been prepared for any period subsequent to 11th July, 1971. The next accounts for submission to members in General Meeting will be those in respect of the 53 weeks ending 2nd January, 1972.

Yours faithfully,
DIXON, WILSON & CO.
Chartered Accountants

STATUTORY AND GENERAL INFORMATION

CAPITAL HISTORY

1. The Company was incorporated in England on 8th April, 1959 as a private company under the name *Fargans Limited*, which was changed to its present name by resolution dated 30th June, 1969.

2. Prior to 3rd August, 1970 the authorised share capital of the Company was £100,000 divided into 100,000 Ordinary Shares of £1 each, all of which were issued as fully paid. On that date the authorised share capital was increased to £1,000,000 by the creation of 15,777 Ordinary Shares of £1 each, all of which were issued as fully paid, on that date as consideration under contract (2) below.

3. On 11th November, 1971 the 15,777 Ordinary Shares of £1 each were sub-divided into 463,108 Ordinary Shares of 25p each, the authorised share capital was increased to £1,250,000 by the creation of a further 4,338,892 Ordinary Shares of 25p each and 3,538,892 Ordinary Shares were issued by way of capitalisation of share premium account and reserves. On the same date the Objects Clause of the Memorandum of Association of the Company was altered and the Company adopted new Articles of Association whereby it became a public company.

4. **AGREEMENT WITH KLEINWORT, BENSON LIMITED**
Under contract (3) below, Kleinwort, Benson Limited have agreed, subject to permission to deal in and for quotation for the whole of the issued Ordinary Share Capital of the Company being granted by the Council of The Stock Exchange, London, on or before 15th November, 1971, to purchase from the vendors 1,600,000 Ordinary Shares at a price of 85p per Share in the following proportions: B. T. Matthews (500,000), J. S. Matthews (500,000) and M. C. Chittock and J. Scarle, the trustees of settlements made by B. T. and J. K. Matthews (600,000), with a view to such Shares being offered for sale at 100p per Share. Kleinwort, Benson Limited will pay as underwriting commission of 1% per cent. on the offer price of each Share and a fee to the brokers. The charges and expenses of and incidental to this Offer for Sale, including the increase of the Company's authorised share capital, the application for permission to deal in and for quotation for the issued Ordinary Shares, the adoption of new Articles of Association, all accountancy and legal expenses and a fee payable to Kleinwort, Benson Limited, are estimated to amount to £46,000 and are payable by the Company.

ARTICLES OF ASSOCIATION

The Articles of Association of the Company contain, *inter alia*, provisions to the following effect:—

- On a show of hands every member who, being an individual, is present in person, or being a corporate member, is present by a representative or proxy not being himself a member, shall have one vote and on a poll every member who is present in person or by proxy shall have one vote for every Ordinary Share of which he is the holder.
- A Director, notwithstanding his interest, may be counted in the quorum present at any meeting where he or any other Director is appointed to hold any office or place of profit under the Company or where the terms of any contract or arrangement made by the Company with any person or company are being considered other than his own appointment or the arrangement of the terms thereof.
- The Directors shall limit borrowings by the Company and/or any of (so far as the Company's powers control can procure) its subsidiaries to an amount equal to 14 times the aggregate of (a) the amount paid up or credited as paid up on the share capital of the Company, and (b) the total of the capital and reserves (as defined) of the Company and its subsidiaries.
- The Directors shall be paid out of the funds of the Company such remuneration for their services as they shall from time to time determine but at a rate not exceeding £2,500 per annum for each Director. The Company in General Meeting may vote extra remuneration to the Directors in the event of any Director being appointed to hold any office or place of profit under the Company or where the terms of any contract or arrangement made by the Company with any person or company are being considered other than his own appointment or the arrangement of the terms thereof.
- The Directors shall be divided among the Directors as they shall agree or, failing agreement, equally and in proportion to the portions or portions of such financial year during which they shall have held office respectively.
- The statutory provisions as to age limit for Directors apply to the Company.

Bill for boosting jobs prospects £1,600m.—Carr

BY ALEX HENDRY, LABOUR REPORTER

MR. ROBERT CARR, Secretary for Employment, yesterday listed the "massive catalogue" of measures—costing more than £1,600m.—taken by the Government to reduce unemployment.

He told a Young Conservative conference at Bournemouth: "All our actions have been designed to get the economy out of its six-year rut, to get it on the move again and so to create more jobs and more wealth for all of us. We shall not cease until we have succeeded."

Later this week the national unemployment figures will be published and could be more than 900,000. Last month showed 888,552 unemployed. The steady increase—averaging 18,000 a month over the past six months, triggered the TUC campaign that will culminate with a mass rally and lobby of Parliament next week.

Regional rallies have been held throughout the country. Over the weekend, the TUC took place in Belfast, Rochester and Cardiff.

In Rochester, Mr. Tom Jackson, general secretary of the Union of Shop, Distributive and Allied Workers, said: "This has been the worst Christmas we have had. The worst our children

have seen—the blackest since the war."

In Cardiff, Mr. Alf Allen, general secretary of the Union of Shop, Distributive and Allied Workers, told a rally: "We say that full employment must take priority over all other national objectives."

Preparations for the final rally next week include a call to 250,000 engineers in London and the South East to stop work for the afternoon and take part in the demonstration against unemployment. Delegations from all over the country are expected to attend the rally.

Like the Government, they have given the problem of unemployment "first priority" status. On their side, trade unions have been discussing overtime bans, shorter working weeks and opposition to redundancies to try to ease the problem.

Mr. Carr yesterday explained the Government's programme which includes £1,400m. in tax reductions, £100m. to modernise homes in development areas, £160m. for a crash programme of public works in the same area, and £100m. for navy shipbuilding orders to help employment particularly in Scotland and the North East.

He said: "Consumer credit restrictions have been cut away. Bank Rate has been reduced to

the lowest level since the last Conservative Government, training programmes had been expanded with particular attention to the needs of young people, and the Government was urgently looking at Young Conservative ideas for finding community work for unemployed young people.

Mr. Carr went on: "This is a massive catalogue of measures—action already taken."

Earlier, he had said: "The present crisis in unemployment is part of an inheritance. It is the bitter fruit of uncontrolled wage inflation stimulated by the Labour Government in an attempt to win the last election coming on top of the six years of economic stagnation over which they presided."

"But it doesn't matter who is to blame. All that matters is to attack the problem. This we are doing."

PROPERTY SOLD FOR £500,000

L. Frankenberg has sold its freehold and leasehold interest in 37 Houndsditch/19 Bevis Marks, London, E.C.3 to Haslemere Estates for about £500,000 to be converted and modernised for office purposes.

Warning by pilots to BEA

BEA'S 1,400 pilots appeared at the weekend to be getting a course for a head-on clash with the airline.

A letter from the BEA Pilots' Council in the British Airline Pilots' Association warns them to put financial affairs in order ready to withstand a period of possible unemployment. Capt. Don Laing, the Council chairman, says they will now prepare to withdraw all co-operation with BEA from April 1 next.

The pilots expect the airline to retaliate with a "lock out". So, in order to give themselves time to prepare financially, they have delayed their action for over four months. Capt. Laing also says in his letter that passengers will have to book on other airlines.

The dispute ranges over many grievances, including pay, meal allowances and survival training.

Tyne tugboat men return to-day

By Our Own Correspondent

SOUTH SHIELDS, Nov. 14. THE TYNE'S tugboat men return to work to-morrow following the settlement of their strike which began on October 29 and laid up the river's tug fleet. Agreement on the men's pay claim was reached at talks in Newcastle yesterday and was accepted by the men here to-day.

The tugboat men originally claimed increases of about 44 per cent. They stopped work after refusing an offer of 10 per cent. Delegates would not say to-day what increase they had won, but it is believed to be around 30 per cent.

The North East Coast Tugboatmen's Association said agreement had been reached on a wages scale giving a guaranteed minimum level of basic earnings and certain adjustments for overtime work. It also provided for a review within the next 12 months of the working system in Tyne.

IATA begins probe on profitability

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE INTERNATIONAL Air Transport Association—the world's "airline parliament"—has begun a major economic study designed to pinpoint problems and indicate ways of achieving satisfactory profitability.

It will be a wide-ranging and forward-looking study, according to Mr. Knut Hammarskjöld, director-general of IATA, and will cover all factors affecting the world air transport industry's economic performance.

A preliminary report is planned for next March "which will outline possible options open to the industry and various avenues that might be explored which, taken together, could lead to improved profitability."

Objectives

Mr. Hammarskjöld discloses the airlines' plan in his annual review of the world air transport industry, to be presented to-day to IATA's annual meeting in Honolulu.

Among the objectives the industry ought to have are, he says:

1. Achievement of an adequate return on capital;
2. A "lean and hard management philosophy with heavy emphasis on innovation, improved efficiency and productivity";
3. Improved cost controls with particular stress on indirect costs;
4. Greater harmonisation of collective industry marketing policies, including the development of new approaches to meet demands for low fares;
5. Improved methods of establishing passenger fares and cargo rates, and a simplification of the fares and rates structure;
6. Improved long-term corporate planning, leading to a better matching of capacity with demand; and
7. Collective industry strategic planning on appropriate subjects.

Favourable

But long-term economic prospects, he believes, should provide a generally favourable base for the development of air transport.

Most Governments are committed to policies of economic growth, despite current monetary and other difficulties. An expanding world economy and rising affluence, along with other favourable socio-economic trends such as rising education and greater leisure time, should provide a sound basis for the future demand for air service, in the absence of adverse political and economic developments."

SHEEPBRIDGE SHORT-TIME WORKING

Short-time working begins to-day for about 100 men in the sand foundry at Sheepbridge Engineering, Chesterfield. The Amalgamated Union of Engineering Workers has persuaded the management to accept work sharing instead of introducing about 50 redundancies in the sand foundry. A union official said that for the men it would mean alternate weeks at work and on the dole.

INTERIM STATEMENTS

Redland Limited

INTERIM STATEMENT

The estimated group results (which are unaudited) for the half-year ended 30th September, 1971, were as follows:—

| | Half year ended 30.9.71 | Half year ended 30.9.70 | Year ended 31.3.71 |
|---|-------------------------|-------------------------|--------------------|
| All figures in £'000's | | | |
| TURNOVER (excluding inter-company sales):— | | | |
| Sales in the United Kingdom | 24,081 | 22,144 | 41,377 |
| Exports from the United Kingdom | 270 | 223 | 584 |
| Sales by overseas subsidiaries | 12,219 | 7,920 | 23,487 |
| | <u>36,570</u> | <u>30,287</u> | <u>65,448</u> |

GROUP PROFIT FOR THE PERIOD BEFORE TAXATION

| | | | |
|--|--------------|--------------|--------------|
| After all charges and expenses:— | | | |
| United Kingdom operating subsidiaries | 2,641 | 1,664 | 2,348 |
| Overseas operating subsidiaries | 2,188 | 884 | 3,621 |
| Associated companies overseas—share of profits, less losses, attributable to group companies | 762 | 5,591 | 592 |
| | <u>5,591</u> | <u>3,140</u> | <u>7,173</u> |

ESTIMATED TAXATION:—

| | | | |
|--|--------------|--------------|--------------|
| On profits of United Kingdom and overseas subsidiaries | 2,175 | 1,193 | 3,196 |
| On share of profits of associated companies | 400 | 278 | 575 |
| | <u>3,016</u> | <u>1,669</u> | <u>3,402</u> |

PROFITS ATTRIBUTABLE TO OUTSIDE SHAREHOLDERS IN SUBSIDIARIES:—

| | | | |
|--|--------------|--------------|--------------|
| Subsidiaries profits | 620 | 257 | 891 |
| Share of profits of associated companies | 25 | 645 | 21 |
| | <u>645</u> | <u>278</u> | <u>912</u> |
| Profits attributable to Redland Limited | <u>2,371</u> | <u>1,391</u> | <u>2,495</u> |

The Directors are of the opinion that the results for the twelve months ending 31st March, 1972 will show a substantial improvement over those of the previous year, but they do not expect the percentage improvement in the second half of the year to be as great as that shown for the first half.

NOTES

1. The group profit has been arrived at, and is presented, in a similar manner to that adopted for the annual accounts, but the current half-year's figures are subject to audit and year-end adjustments. The results include those of the European subsidiaries and associates for the half-year ended 30th June, 1971, which have been converted into sterling at current rates of exchange.
2. Taxation comprises United Kingdom corporation tax calculated at 40% of the taxable profits, and the figures for the half-year ended 30th September, 1970, have been adjusted to this rate. Overseas taxes have been calculated at the current rates.
3. The estimated profits are after charging, for the half-year ended 30th September, 1971, depreciation amounting to £1,847,000 (1970 £1,645,000) and interest payable of £821,000 (1970 £816,000).

MARTIN-BLACK LIMITED

Group (unaudited) results for the half year to 30th June, 1971

| | Half Years to 30th June, 1971 | 30th June, 1970 | Year to 31st December, 1970 |
|------------------------|-------------------------------|-------------------|-----------------------------|
| TURNOVER | <u>£2,393,600</u> | <u>£2,147,000</u> | <u>£4,298,874</u> |
| Gross Trading Profit | £ 304,900 | £ 263,500 | £ 569,412 |
| Less: Depreciation | 60,200 | 55,700 | 112,886 |
| Interest Payable | 34,700 | 25,300 | 69,533 |
| Net Trading Profit | 210,000 | 182,500 | 386,714 |
| Add: Investment Income | — | — | 11,528 |
| Profit Before Taxation | 210,000 | 182,500 | 398,242 |
| Estimated Taxation | 59,000 | 78,000 | 174,380 |
| | <u>£ 151,000</u> | <u>£ 104,500</u> | <u>£ 223,862</u> |

In the four months which have elapsed since 30th June, 1971, Order Intake and Sales have shown a downward trend which reflects the lower levels of heavy industrial activity in U.K. and in some of our Overseas Markets. It is difficult to forecast any significant improvement for the remainder of the current year, but there are signs of some restoration of demand for 1972.

The Directors, however, are reasonably confident that the full results for 1971 should be at least comparable with those of 1970, and, with the general liquidity of the Group showing improvement, are proposing to raise the Interim Dividend by one-half per cent to 4½%—although this does not necessarily indicate an increase in the total dividend to be paid for the year which must of course depend upon the final results.

The Interim Dividend will be paid on 14th December, 1971, to Shareholders on the Register at close of business on 22nd November, 1971.

12th November, 1971.

ADVERTISEMENT

Electrostatic copies on ordinary paper cost more!

Many users of copying equipment face changes in their Rental Contracts early next year.

A recent announcement from one of the top names in the Copying Industry to their Users heralds price increases and changes in existing contracts which for many is the second change in 12 months. These price changes given under a 90-day notice are the result, the Company claims, of recent unprecedented increases in costs and the standards of service and product innovation which the Company is committed to on behalf of its many customers.

In response to the C.B.I. initiative, copy charge increases have been limited to 5%. However, rental charges will be increasing by as much as 20%.

The full impact of these price changes will vary from User to User, who under a 30-day termination clause have till the 31st December to review their copy costs.

No one need face higher costs, since the introduction of Apéco "Bond-Like" copy papers, using the direct image electrostatic copying method, means higher copy

quality and overall reduced costs. Apéco, a pioneer in the Copying Industry since 1939, markets a range of seven copier models through branches in major cities as well as a network of Exclusive Local Distributors.

World-wide sales of Apéco over the last 3 years have increased by an average of 35% each year and during 1971 have increased in the U.K. by 52%. Apéco Limited is the fastest growing subsidiary of Apéco International.

Recently a senior company spokesman attributed the cost savings to the more economical direct image electrostatic process and the built-in quality and control in the company's manufacturing units in the U.S.A., Europe, and Australia.

Apéco is the only company in the Copying Industry to back up its proven reliability and high standards of preventative maintenance for those Users purchasing the Apéco Copymaker, by a Million Copy Guarantee.



Something to smile about from

APÉCO

Apéco prices have not risen since 1967.

The introduction of Roll-O-Matic Apéco electrostatic copymakers has meant a reduction of 20% for many New Apéco Users.

Apéco will cut copying costs further, by technical innovation and by increased efficiency.

You have the choice of: Rental, Outright Purchase, Lease, or an Equity Copy Plan tailored to your needs. And 7 MODELS TO CHOOSE FROM.

and Apéco "Bond-Like" means crisp, dry copies on high quality lightweight paper.

Now Apéco bring you the all new versatile

PRINTOUT



Features to make you smile

- | | |
|---|---|
| Greater copy capacity Get copies up to 11½x17 (A3) | Trims copies to size Trim waste up to 42%. |
| Faster copies First copy in 4 seconds. | Automatic multiple copies Dial the number of copies, up to 99. |
| 1000 copies from a roll "Bond-Like" paper. | Console unit Backed by a unique Million Copy Guarantee for proven reliability. |
| Load paper less often. | |

If you are using an ordinary paper copier you have 46 days left to avoid higher costs.

Use the hot line and call:

Apéco London 01-739 2384
Apéco Manchester 061-872 5597
Apéco Birmingham 021-236 3468
Apéco Bristol 0272-24759

To be put in touch with your nearest Apéco contact

APÉCO



Bernard Matthews Limited—continued

PROCEDURE FOR APPLICATION

Applications must be made on the accompanying Application Form and, with the exception of employees' applications (which are referred to below), must be for a minimum of 100 shares or a multiple thereof up to 2,000 shares, thereafter in multiples of 500 shares up to 5,000 shares, thereafter in multiples of 1,000 shares up to 20,000 shares and thereafter in multiples of 5,000 shares.

Each application must be accompanied by a separate cheque for the full amount payable on application and must be forwarded to KLEINWORT, BENSON LIMITED, REGISTRATION AND NEW ISSUES DEPARTMENT, 13 ROOD LANE, LONDON, EC3M 8BB, SO AS TO ARRIVE NOT LATER THAN 10 A.M. ON THURSDAY, 18TH NOVEMBER, 1971. Cheques, which must be drawn in sterling on a bank in and be payable in England, Scotland or Wales, must be made payable to "Kleinwort, Benson Limited" and be crossed "Not Negotiable". All cheques are liable to be presented for payment on receipt. Due completion and delivery of the Application Form accompanied by the necessary cheque will constitute an undertaking that the cheque will be honoured on first presentation and attention is drawn to the declaration on the Application Form to this effect. Kleinwort, Benson Limited reserves the right to retain all Letters of Acceptance and surplus application moneys pending clearance of all applicants' cheques, and to reject any application (and in particular multiple or suspected multiple applications) or to accept any application in part only.

Preferential consideration will be given to applications made by Executive Directors and employees of the company up to a maximum of 160,000 Ordinary Shares, if made on the special pink Application Forms provided. Such applications must be for a minimum of 50 shares.

Acceptance of applications will be conditional upon the Council of The Stock Exchange, London, granting on or before 18th November, 1971, permission to deal in and quotation for the whole of the issued Ordinary Capital of the Company. Moneys paid in respect of all applications will be returned if such permission and quotation are not granted by that date and in the meantime will be retained by Kleinwort, Benson Limited in a separate account. No receipt will be issued for the payment on application, but an acknowledgment will be forwarded in due course to the applicant's risk, either by way of a fully paid Letter of Acceptance for all or part of the shares applied for, or by the return by cheque through the post of the application moneys or any surplus thereof.

Letters of Acceptance will be renewable up to and including Friday, 17th December, 1971, and the Ordinary Shares now offered for sale will be registered free of stamp duty in the names either of the original applicants or (if the persons in whose favour Letters of Acceptance have been renewed provided that, in the case of renunciation, Letters of Acceptance (which should be completed in accordance with the instructions contained therein) are lodged for registration on or before Friday, 17th December, 1971).

Share certificates will be available for collection from Barclays Bank Trust Company Limited, Registration Division, 2, London Wall Buildings, London Wall, London, EC2P 2BU on Monday, 3rd January, 1972. In the event that these certificates are not collected before Friday, 14th January, 1972, they will be automatically despatched by ordinary post to the registered holder or, in the case of joint holdings, the first named holder at the risk of the registered holder(s).

Copies of this Offer for Sale with Application Forms may be obtained from:—

KLEINWORT, BENSON LIMITED,
Registration and New Issues Department, 13 Rood Lane, London, EC3M 8BB.
JAMES CAPEL & CO., Winchester House, 100, Old Broad Street, London, EC2N 1BQ.
BARCLAYS BANK TRUST COMPANY LIMITED,
New Issues Division, P.O. Box 78, Mafeyn House, 73, Upper Thames Street, London, EC4P 4BJ.
BARCLAYS BANK LIMITED,
P.O. Box 36, Bank Plain, Norwich, NOR 70A, and 30, London Street, Norwich, NOR 1LE.

THE APPLICATION LIST WILL OPEN AT 10 a.m. ON THURSDAY, 18th NOVEMBER, 1971, AND WILL CLOSE ON THE SAME DAY.

Bernard Matthews Limited

(Incorporated under the Companies Act, 1948)

OFFER FOR SALE BY KLEINWORT, BENSON LIMITED

of 1,600,000 Ordinary Shares of 25p each at 100p per share payable in full on application

APPLICATION FORM

To: KLEINWORT, BENSON LIMITED
Gentlemen,

| Number of shares for which application is made | Amount of cheque enclosed |
|--|---------------------------|
| | £ |

Applications must be made for a minimum of 100 shares or a multiple thereof up to 2,000 shares, thereafter in multiples of 500 shares up to 5,000 shares, thereafter in multiples of 1,000 shares up to 20,000 shares and thereafter in multiples of 5,000 shares.

I/We enclose a cheque for the above-mentioned sum, being the amount payable in full at 100p per share on application for the above-mentioned number of Ordinary Shares of 25p in the Company and I/we offer to purchase that number of shares upon the terms of your Offer for Sale dated 11th November, 1971 and subject to the Memorandum and Articles of Association of the Company and I/we hereby undertake and agree to accept the same or any lesser number of shares in respect of which this Application may be accepted. I/We hereby authorise you to procure my/our name(s) to be placed on the Register of Members of the Company as holder(s) of the said shares so far as they have not been effectively renounced and to send a renewable Letter of Acceptance in respect thereof, and/or a cheque for any moneys receivable to me/us by ordinary post at my/our risk to the address first given below.

I/We understand that due completion and delivery of this Application Form accompanied by a cheque will constitute an undertaking that the cheque will be honoured on first presentation.

IMPORTANT:—To comply with the provisions of the "Exchange Control Act, 1947, the Applicant(s) must make the Declaration contained in the following paragraph, or, if unable to do so, must delete such paragraph and arrange for this Application to be lodged through an Authorised Depositary" or an Approved Agent in the Irish Republic. No application can be considered unless this condition is fulfilled.

I/We declare that I/we am/are not resident outside the Scheduled Territories and am/are not acquiring the shares as the nominee(s) of any person(s) resident outside those Territories.

Signature _____ Dated _____ 1971.

PLEASE USE BLOCK CAPITALS

Christian Name(s) (in full) _____
Surname and designation (Mr., Mrs., Miss or Title) _____
Address (in full) _____

(2) Signature _____ (3) _____

Christian Name(s) (in full) _____
Surname _____
(Mr., Mrs., Miss or Title) _____
Address (in full) _____

Please pin cheque here

ALL JOINT APPLICANTS MUST SIGN

A Corporation should sign under the hand of a duly authorised officer who should state his representative capacity.

This Application Form should be completed and forwarded to Kleinwort, Benson Limited, Registration and New Issues Department, 13 Rood Lane, London, EC3M 8BB together with a cheque for the full amount payable so as to arrive not later than 10 a.m. on Thursday, 18th November, 1971.

A separate cheque must accompany each Application Form. Cheques, which must be drawn in sterling on a bank in and be payable in England, Scotland or Wales, must be made payable to "Kleinwort, Benson Limited" and be crossed "Not Negotiable". No application will be considered unless these conditions are fulfilled. All cheques are liable to be presented for payment.

No receipt will be issued for the payment on application, but an acknowledgment will be forwarded in due course to the applicant's risk, either by way of a fully paid Letter of Acceptance for all or part of the shares applied for, or by the return by cheque through the post of the application moneys or any surplus thereof.

*EXCHANGE CONTROL ACT, 1947

Authorised Depositaries are listed in Appendixes I and II of the Bank of England's Notice EC1, and include Banks and Stockbrokers in, and Solicitors practising in, the United Kingdom or the Channel Islands.

An Approved Agent in the Irish Republic is defined in the Bank of England's Notice EC 10 (Third Issue), as amended, as a bank in the Irish Republic or a member of a Stock Exchange in the Irish Republic or of the Provincial Bankers' Stock Exchange or a Solicitor practising in the Irish Republic.

The Scheduled Territories at present comprise:—The British Commonwealth (except Canada and Rhodesia), the Irish Republic, British Trust Territories, British Protectorates and Protected States, Bahrain, Iceland, the Hashemite Kingdom of Jordan, Kuwait, Libya, Qatar, South Africa and South West Africa, Western Samoa, and the People's Democratic Republic of Yemen.

Building and Civil Engineering

A touch of Venice

ONE of the features of the 261-bedroomed hotel being built at Stratford-upon-Avon for Lex Services Group at a cost of £2m. is the creation of a canal leading from the River Avon past the hotel linking it with the Shakespeare Theatre.

The possibility of a ferry service to take hotel guests directly to the theatre by way of the canal is under consideration. The canal is under construction. Called the Stratford-upon-Avon Hilton, it will be operated by Hilton International.

Of reinforced concrete frame construction with brick cladding and a feature of a local stone

Overlooking the sea

TWO housing contracts, with a combined value of £394,000, awarded to Holland Hannen & Cubitts (North West), involve the use of the Lowton Cubitt method of building. Larger of the two, calls for 131 houses at Culwys Lane, Old Colwyn, for the Borough of Colwyn Bay.

You can't beat the system



are you! Give us a commercial accommodation problem that a Terrapin factory-built building system can't solve. Two storey, one, five... Up fast. Very fast. Anywhere. Polar regions, or desert. Well-greenced; metric; re-locatable; extendible.

Buy or hire—you really can't beat a Terrapin system.

ite or 'phone Mike Welch. FT96 for fully illustrated literature.



TERRAPIN INTERNATIONAL GROUP
Bond Avenue, Bletchley, Bucks.
Telephone: Bletchley 4971

existing premises in Scotland Road in the centre of the town, is scheduled to be finished by next September, at a total cost of £450,000. Architects are Harry S. Fairhurst and Son.

Two jobs in Australia

TWO contracts together worth £2.1m. for projects in Sydney just received by Costain (Australia) Pty. include a nine-storey office building for Macquarie Properties Pty.

Designed by Peddie Thorpe and Partners with Ove Arup and Partners as consulting engineers, the office block is located in Sussex Street, Sydney. Work has just begun for completion in 53 weeks.

At Castle Hill, Sydney, the company is to build a five-storey residential block for Church of England Retirement Villages. The £550,000 building designed by architects Noel-Bell-Ridley Smith also with Ove Arup as consulting engineers, is to be finished within a year.

Assessing the results

TO enable it to assess more accurately the financial response to its various fund raising efforts, Shelter, the national campaign for the homeless, is now using Water Computer Services.

Shelter constantly needs to analyse the response from different sections of the public to its appeals in order to obtain the best results from its expenditure. Of the four services examined, Water's was considered the best overall package at the lowest cost.

The service will enable the charity to analyse general income resulting from intensive area publicity; distribution systems for Christmas cards; recording of local housing associations costs and rent structures.

In the past Shelter was only using computers as giant addressing machines, but now its flexible system controls its 80,000 mailing list for the Shelter newspaper.

IN BRIEF

● PART of a redeveloped scheme on an existing building shell situated between Liscard Road and Cherry Square, Wallasey, includes construction of all internal partitions, decorations to walls, floors and ceilings, plumbing, heating, ventilation and electrical services.

The work, for Littlewoods Mail Order Stores, is to be completed in five months, and the £185,000 contract has been awarded to Sir

Alfred McAlpine and Sons.

● FINAL stage of the £5m. Merion Centre scheme in Leeds for Town Centre Securities, is due to be completed in 1972 by John Mowlem and Co. under a contract worth £225m. A 10-storey, air-conditioned office block of 150,000 square feet floor area, a 45,000 square foot department store with ground level car park, 18 shops and two public houses are to be built.

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Footbridge links shops and car park

TO SPAN one of Bristol's busiest roads, a 120-ft. long Tubewright footbridge was yesterday erected by Linasamite to form a link between the city's Broadmead shopping centre and car parks on the other side of Bond Street.

The bridge, designed by British Steel Corporation's Tubes Division, comprises tubular rectangular hollow sections.

The sections, including ramps were built and tested in the company's works at Avonmouth.

Even the anti-slip compound which provides the walking surface was laid and hardened in the factory.

Rubber covered tile

A DUTCH company is marketing a concrete tile which is entirely jacketed in rubber. Sixteen air cushions are arranged between the concrete and rubber, giving the jacketed slab considerable resilience.

The tiles have a high insulation and absorption capacity, and are sound-insulating. The concrete tile is 43 mm high, and the attached rubber jacket 27 mm. It is 300 mm long and 300 mm wide. The tiles can be supplied with or without bevelled edges and in various colours—red, blue, green, white, grey and black. All except the black are electrically insulated.

The tile is suitable for use in staircase wells, kitchens, hospitals, old people's homes, playgrounds, swimming pools, gymnasiums and workshops. The tile can be delivered without the concrete base and serve as a

rubber tile for covering existing floors.

The maker is N.V. Hollandse Basaltine, Tegelfabriek, Merwedestraat 40, Dordrecht, Holland.

Sticks to moist concrete

TERCOL has developed a special epoxy adhesive bonding agent to eliminate the "moisture factor" delay on all floor-laying contracts.

The new resin-based material—which sets to form a high compressive strength, watertight and bacteria-proof impermeable film—will effectively bond tiles and vinyl sheet to damp concrete floors still too moist to accept a standard adhesive.

Cured resin film is unaffected by most inorganic and organic acids, alkalis and oils at ambient temperatures and ideal for hospital and laboratory use as the bond strength of the material cannot be weakened at the joints by frequent spillage of these chemicals.

Nitrocellulose can be readily applied to timber and cementitious floors provided they are structurally sound and the timber is braced to eliminate the possibility of "springing" at the joints. All backed pvc, vinyl, linoleum tiles and sheets can be laid including those with felt or cork backing.

Meanwhile, Ripolin's liquid plastic roofing system, Aquagard, has been specified on the barrel vault roof sections of walkway areas connecting the buildings and blocks at Barbican, in London. Sheet material was not entirely suitable and as the whole surface was visible from surrounding buildings the use of a black coating was not considered. Aquagard was chosen because it is flexible, elastic, seamless and available in a range of colours.

U.K.'s biggest truck crane Fram gets variety of work

CAPABLE of handling loads of up to 170 tons and available in both strut jib and tower configurations, the Colossus, says the maker, is the biggest truck-mounted crane in the U.K.

The Colossus, introduced by Coles Cranes, Eastcote, Pinner, Middlesex, incorporates new design concepts, including fluid balanced suspension; independent control of all diesel electric crane motions; and a 14 x eight-wheel drive, with 10 steered wheels. For road travel the diesel-powered truck can reach 35 mph, while for site travel with full length jib the transmission incorporates an hydraulic drive allowing speeds of 0 to 0.5 mph.

The 170 ton load is handled by the basic jib (49 feet 2 inches) at 15 foot radius. Using maximum extension sections and a fly jib provides a total combination length of 396 feet

capable of handling 6.25 tons at 90 foot radius.

The basic tower configuration consists of a 110-foot pin-to-pin tower with a luffing boom, and the maximum load of 50 tons can be lifted at a 30 foot radius. From a choice of five tower heights and six boom lengths, a wide range of configurations can be erected. Using the maximum tower height of 208 feet 4 inches, with the maximum boom length of 187 feet, a 9.5 ton load can be lifted at a radius of 60 feet to a height of 387 feet.

The Colossus crane can lift from the ground all jib lengths and tower configurations unaided.

In travelling order, basic overall length is 59 feet 11 inches, height is 13 feet and width 12 feet. Turning radius is 46 feet, and gradients of one-in-three can be climbed. Working order weight is 157 tons and travelling weight is 83 tons.

WORK valued at £400,000 has been won by members of the Fram Group, V.C.C. of Egham, Surrey, is to undertake the Naylor Sewage Works Extensions and Leavenworth Sewerage for the Melford Rural District Council at Sudbury, Suffolk, under a £216,382 order. The consulting engineers are Sandford Fawcett and Bell.

Fram Gerrard is building a cash and carry warehouse at Swinton for Morris and David Jones at a cost of £100,000. Work on site has already begun and completion is scheduled for February next year. The scheme will provide about 43,500 square feet of warehouse and office accommodation with extensive car parking adjacent.

Fram Landscapes is constructing two playing fields for the Bury Corporation, three playing fields for the Lancashire County Council and a sports complex for the Winsford Urban District Council for a total of £90,000.

Devon reservoir site

THE FINAL choice of site for the reservoir to meet the water needs of South West Devon up to the year 2001 is expected to be made towards the end of next January.

Four sites in the Devon River Authority area are on the short list of five being investigated by Sir William Halcrow and Partners, consulting engineers. The fifth possibility involves taking water from a proposed reservoir at Bickleigh on the River Plym, now under investigation by the Cornwall River Authority for supplying the Plymouth area.

The storage capacity of the reservoir envisaged would be between about 1,500 and 2,000 gallons, capable of giving an average annual yield of about 8,1mgd. The consulting engineers are likely to recommend detailed site investigations of one or two dam sites following their report.

The four sites on the short list are Believer, Woodcourt, Farnworthy and Swincombe. The latter would be smaller than that rejected by Parliament earlier this year.

In June this year Mr. Eldon Griffiths, Parliamentary Under-Secretary, Department of the Environment, visited parts of Devon and Cornwall to report on

the critical water shortage that had put about 100,000 people under official "drought" warnings.

NatWest extends Kegworth

SINCE National Westminster Bank acquired the Kegworth computer centre near Nottingham from Systems International earlier this year, the bank has been building it up as its main computer complex outside London.

An extension to the centre is to be built under a £1m. order awarded to Gilbert Ash. A steel-framed building clad in pre-cast concrete will house a new water-cooled computer requiring sophisticated temperature and humidity control equipment.

In the course of the next 10 years the bank will install up to six large computers to be linked with other big machines at Woolgate House, in London.

Tarmac gets down to it

FOUR jobs for Department of the Environment projects, together worth £90,000, have been won by the Geotechnical Division of Tarmac Construction.

The South West Road Construction Unit has placed a £48,000 order for soil survey work on the A30 road between Exeter and Okehampton which includes 135 shell and auger holes and 372 rock drillings. At Bridport, Dorset, the RCU has awarded a £18,000 contract for 96 boreholes on A35 road site investigation.

At Hanley, Staffs., the division has a £18,000 sub-contract from Holland Hannen & Cubitts (Midlands) for contiguous anchored bored piling to facilitate ground excavation 21 feet below road level for a new telephone exchange. The fourth contract, from the Midland Road Construction Unit, is for taking boreholes in connection with the Bilston Link Trunk Road.

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MONDAY NOVEMBER 15 1971

Company tax reform

THE Conservative Opposition made it plain in the debate on the 1965 Finance Bill that it was unhappy with the form of corporation tax introduced by the Labour Government, and in his Budget speech this year the Chancellor announced his intention of removing the discrimination against distributed profits. A Green Paper was issued to describe the various ways in which this objective could be achieved and the different advantages and disadvantages the Government saw in them. Since then there has been a great deal of consultation between the interested parties.

The Inland Revenue has been able to discuss the alternatives not only with representatives of different sections of industry and with tax experts at home but with officials abroad. At the same time, a Select Committee of the House of Commons has been taking evidence and its report is soon to be published. This procedure stands in marked and welcome contrast with the instant tax reforms introduced by Labour.

Complex issues

But the issues involved are complex. There are two principal ways in which the tax structure can be made neutral as between retained and distributed profits. Under the first system, which Germany has used until now, distributed profits are liable to corporation tax at a lower rate than retained profits; under the second system, which France uses, all profits are charged corporation tax at the same rate but part of the tax on distributed profits becomes available as a credit against the tax liability of the individual shareholder. On purely domestic grounds, the first system is probably preferable—it has, for example, definite administrative advantages—and the Green Paper was inclined to favour it.

But there are international considerations to be taken into account as well. First, there is the position of U.K. companies which earn a high proportion of their income abroad: the Green Paper suggests that the amount of relief they were allowed for foreign tax could be the same under either system, but the

Harmonisation

question remains to be answered whether special provision should be made for them. Second, there is the position of foreign companies operating in the U.K. and remitting dividends abroad: they would be better off under a German-type system than a French-type one. Third, there is the question of double tax agreements, which will have to be renegotiated in any case if the Revenue is not to lose money: the move to a French-type system might give the U.K. a stronger negotiating position.

Finally, there is the crucial fact that Germany itself is now proposing to abandon her traditional system and adopt the French one. Given the need for tax harmonisation inside the EEC, this seems to decide the issue of which to go for: the Financial Secretary to the Treasury, speaking last week at a conference on tax reform, admitted that the "passage of time has led us to accept that an imputation system (the French variety) might be equally acceptable." But there are other matters still to be settled.

The Government is evidently still not sure whether to give special help, for the sake of encouraging invisible earnings, to those companies (perhaps a dozen large ones and a number of smaller ones) which earn much of their profit abroad, in countries where corporation tax rates are markedly higher than our own; its decision will clearly be of interest to other governments and affect the negotiations about double tax agreements. At the same time, if an enlarged EEC chooses to harmonise its company tax systems on the French model, which is less favourable to companies remitting dividends to foreign parents, two consequences will have to be reckoned with. First, it may become more difficult to create a European capital market. Second, the U.S. will have another cause of grievance against Europe. It is not altogether surprising that the Organisation for Economic Co-operation and Development is beginning to take a greater interest in international tax problems.

Anglo-French friendship

IN psychological terms, the success and the significance of last week's visit to London by M. Maurice Schumann, the French Foreign Minister, is unmistakable. Both sides were prodigal in their expressions of satisfaction at the success of the visit. M. Schumann talks here, and the importance attached by the two countries to the new mood of friendship was underlined by a series of departures from normal protocol: the visit ended with an Anglo-French "Declaration" (rather than the more usual "communiqué"), and it was announced that the Queen would make a second State visit to France in the spring. Measured simply in terms of outward courtesies and good intentions, M. Schumann's visit here surely represents the beginning of a new era in Anglo-French relations.

Uninformative

In terms of practical politics, however, the results of his talks are rather more difficult to assess. The joint declaration revealed that the two countries are to step up their cultural, artistic and scientific exchanges, and that more British civil servants will learn French in future (in order to allay French fears that their language might be displaced by English in the enlarged Community). It also spoke approvingly of the Channel Tunnel project, as well as of the opportunities for technological co-operation between London and Paris.

But on the really major foreign policy issues it remained deliberately bland and uninformative. The indications have emerged from the British side suggest that the policy line in Whitehall is, for the moment, one of caution: until the Heath-Pompidou sum-

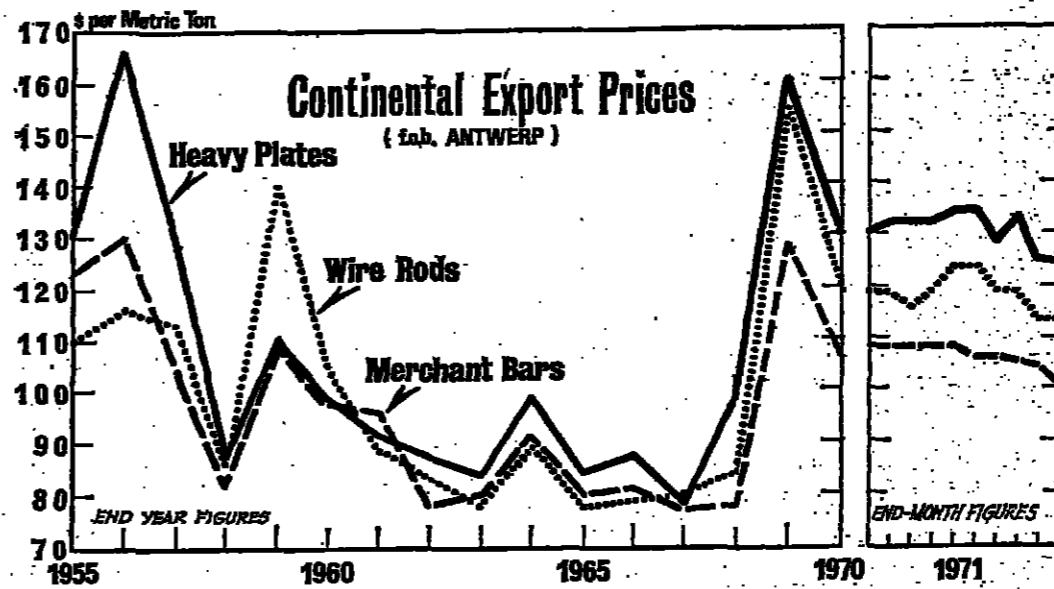
Currencies

In the European context, common policies are urgently needed, not merely between Britain and France, but also between them and other members of the European Community. The political disarray of the Six has been accentuated by the international monetary crisis and its impact on their economies and their common agricultural policy. It is evident that the relative exchange rates of the Six are far more important to them than any likely change in their rates against the dollar; it is not yet evident that they all accept this fact, or realise that their negotiating position can only be weakened if they act separately.

Hitherto the U.K. has stayed well out of the limelight on this issue, partly in the hope of minimising any upward movement in the sterling exchange rate, partly on the grounds that Britain is not yet a member of the Community and cannot interfere in the debates of the Six. Yet Britain now has a vital stake in the health of the Community and a progressively important role to play. It is in this context that the improvement in Anglo-French relations is important.

Steel: a disciplined response to a world recession

In Britain steel output is down by 10 per cent so far this year, and the Steel Corporation is currently losing some £2m. a week. Abroad, the production and profits picture is similarly poor. Colin Jones reports:—



of the eight biggest steel producers managed to make a third quarter profit this year, the situation has been aggravated by the strike that did not happen.

Both home trade deliveries and imports surged ahead in the first half of the year as steel users built up their stocks in advance of the negotiations over a new three-year pay deal for steel workers. Then, when the threatened strike failed to occur, stocks were as quickly run down again. As a result, steel output fell by 20-25 per cent in September and October—or by more than 7 per cent for the year so far.

Meanwhile, across the Pacific, Broken Hill Proprietary, in Australia, has already announced a 15 per cent production cutback at one plant and is soon expected to announce similar moves at other steel works. Even Japan, long the envy of the world's steel makers with a phenomenal, and almost unbroken, record of growth, has not escaped unscathed. Indeed, the situation there is perhaps the most eloquent illustration of the extent of the turnaround in the world steel market.

Already, output has declined by 7 per cent since the start of the Japanese steel makers' fiscal year in April. This is the largest decline the industry has experienced since the war. Yet it is regarded as an "adequate" response to the present situation. Under the system of voluntary production curbs

which the Japanese steel producers have been operating, output was supposed to have been cut back by 10 per cent from November, 1970 and by 18 per cent since September this year.

As a result, the Ministry of Trade and Industry has agreed to seek the Fair Trade Commission's approval for a system of compulsory output cuts, starting probably next month. The producers, for their part, are talking of establishing a watchdog organisation to check on "illegal" production and even of reverting to their previous practice of requiring seals to be put on idle steel plant. Evidently, even in this kind of situation, the Japanese are disinclined to leave much to chance.

Expansion ambitions

More graphically still, perhaps, the present recession has had a dramatic impact upon the capacity expansion ambitions of Japanese steel makers. Whereas the industry had been talking of 160m. tons by 1975-76, against this year's 96m. tons or so, the figures now being discussed range between about 105m. tons and 120m. tons—with Nippon Steel, the world's largest steel company, generally favouring the lower capacity target.

This depressing catalogue can, of course, easily give an exaggerated impression of the

nature of the present situation. This is not the first time that steel usage across the world has been hit by a slowdown in the growth of world trade and production and by a decline in the demand for investment goods. Nor is it the first time that the commissioning of new steel-making plant has coincided with a recession in steel consumption.

Indeed, in many respects this year's crop of new plants is more manageable than most. Much of it is located in France and West Germany; and the additional capacity due to be commissioned in Japan this year is a mere 1m. tons.

Nor, for that matter, is it the first time that the three-year cycle of wage negotiations in the U.S. steel industry has been concluded without a strike. In one very important particular, too, the present recession is having an encouragingly different impact from most previous ones.

For once, steel producers have been letting output rates, rather than prices, take most of the pressure. Even now Continental export quotations, those sensitive bell-wethers of the world steel market, have come back only about a fifth to a quarter from their peak boom levels of almost exactly two years ago, and are still, as the chart shows, some way above the depressed levels of 1967-68.

Cost inflation, which has been a world-wide phenomenon, may be part of the explanation, of course. But the more decisive

factor has undoubtedly been the greater sense of restraint or discipline, call it what you like—that the world's major steel makers are now able to show.

Steel is a relatively low-value material made by increasingly capital-intensive methods. Producers are therefore under constant pressure to keep capacity utilisation as high as possible. When demand falls off at home, and the flow of orders is hit both by the lower rate of consumption and by users reducing their stocks in line with usage, the traditional tendency has been to push exports as hard as possible—in other words, dumping, or practices that come close to it.

Since the fastest-growing and most easily penetrated markets are generally those of other major steel-producing nations, this has inevitably meant a "vicious spiral" of rising import and lower home trade prices all round. This time, however, these pressures have not been generated to anything like the same extent, and undoubtedly one of the main reasons has been the extra strength the industry has gained as a result of all the recent mergers.

The creation of one dominant company in Britain may have been the result of nationalisation. But there has been almost as dramatic a degree of concentration on the Continent in recent years, resulting in virtually only four steel-making groups in West Germany, two like remaining hard to win in France, and one each in some considerable time yet.

Belgium, Luxembourg, the Netherlands and Italy. There have even been some important mergers in the Japanese and U.S. steel industries.

This is perhaps just as well, for the one entirely new factor in the situation, since August this year, has been President Nixon's economic package. The 10 per cent surcharge on U.S. imports both of steel and of steel-based goods, coupled with the tax discrimination against imported capital equipment, should serve as a powerful boost for the U.S. steel industry—although these benefits are unlikely to be felt until the steel stock situation has been fully unwound in early 1972. By the same token, the impact of these measures could be calamitous for the rest of the world steel industry.

The U.S. market, after all, had been taking almost a quarter of total world exports (excluding steel shipped to EEC members). In Japanese and EEC steel producers it represented a third of their total overseas market—even for British steel, accounted for a fifth of the total tonnage of direct exports. Either way, from its import surcharge itself or the currency revaluations in Nixon package was designed to precipitate, the Japanese and West German steel producers stand to lose.

Pressures and fears

The extra pressures and fears all this has generated could really be damaging if they result in a wholesale diversification of Japanese steel towards Western Europe. The odds are against this happening. After all, the Japanese industry is still willing, in principle, to renew its voluntary restrictions on exports to the U.S., and is not likely to show signs of being prepared to discuss the terms of a small arrangement for its shipments to Western Europe.

The reduction in Japanese capacity expansion plans is also an encouraging sign. Japanese and Western European ideas of an acceptable market share for Japanese steel in Western Europe, and of acceptable rate of growth at that level, are not likely to be easily reconciled, particularly at a time when new orders in groups in West Germany, two like remaining hard to win in France, and one each in some considerable time yet.

MEN AND MATTERS

London guidance for IOS's old Italian fund

Fonditalia, once one of the brightest jewels in the Investors Overseas Services crown, is soon to have a London merchant banker, Mr. Ian Kilpatrick, in charge of its investment policy. The story goes like this. The mutual fund was launched with typical IOS flair in 1967 (the publicity included Mrs. Bernice Cornfield meeting the Pope). It has been successful, both in terms of size—80,000 Italians have invested £250m.—and, relatively, in performance. So, when the IOS débacle began, the Italian Government was worried enough about the effect of a possible collapse in easily the country's largest fund to step in and arrange for 51 per cent of its management and sales companies to be sold to IMI, which is State-controlled and the largest medium- and long-term credit bank in Italy. But the IOS management company in Luxembourg retained the contract to manage the fund. It is when this contract runs out at the end of the year that Kilpatrick steps in.

At the moment Kilpatrick is the Charterhouse Japhet director in charge of investment operations. The offer from IMI was too tempting to refuse, he says, partly because Fonditalia is already a huge fund and an interesting problem, and partly because with IMI's weight behind it, and an upturn in the Italian economy, it could grow much bigger still.

The management company will remain in Luxembourg, with Kilpatrick and a small staff, including a German No. 2, working from a representative

office in London. The Italians, "who aren't in any way parochial," wanted a London base although half the fund, by law, has to be invested inside Italy. The IOS management team, who, Kilpatrick thinks, have been doing "a pretty good job," have the overseas portion of the fund about half invested in the U.S. with another fifth invested in London. Kilpatrick is "very bullish about the London market at the moment," and while stressing that the fund is run on "sound conservative principles," wants to reserve himself plenty of mobility for the money he starts to manage in January.

Russian voices

Sir Alec Douglas-Home's visit to Rhodesia has, for some strange reason, caused the Soviet broadcasting services to relax their rule that all commentators must express identical views. For the first time, as far as Moscow-listeners can remember, three commentators broadcasting on the same day advanced widely different interpretations of a situation.

According to a commentary broadcast in English to Africa, an agreement between London and Salisbury has existed all the time and UDI was only a trick invented by London to prevent Rhodesia's genuine independence. British indignation was just a sham. But the Moscow home service transmitted its London correspondent's telephone report saying that far from any prearranged agreement, Douglas-Home flew to Salisbury cap-in-hand. Then, an hour later, came a commentary by Vsevolod Shishkovsky which took the opposing view that Mr. Ian Smith "is bending over backwards to make easier for

London the official adjustment of political and economic relations with the Rhodesian regime."

Well, perhaps at least one of the Russians knows something we don't.

Too quick off the grid?

A week-end report that Aston Martin and British Racing Motors would co-operate to build a new super sports car was intriguing. Such a match would bring together two of the sportiest names in British motoring. It would also link two vast private industrial empires, both of which are on comparatively hard times at the moment. BRM, formed to revive British Grand Prix racing fortunes after the war, has, since 1952, been owned by Robery Owen, one of the largest privately-owned companies in Britain, run until his retirement in July by Sir Alfred Owen and now by his two sons, Mr. David Owen and Mr. John Owen. Aston Martin is owned by the David Brown Corporation. Also in July, it emerged that Sir David Brown had relinquished his executive role in the company (one of whose major problems is Aston Martin with a loss of more than £1m. last year) at the request of the company's bankers, though he remains as chairman. The thought of these two private giants roaring out of trouble in a 200 m.p.h. sports car is appealing.

But the matter is not as simple as that. Yes, there have been talks about such a car, but then, as Mr. John Boet, the managing director of the David Brown Corporation says, "We have been having a lot of talks with a

lot of people." Aston Martin is still losing money and "that's why we have been talking to just about every car firm in the world." The idea that Aston Martin could build 3,000 cars a year (they would have BRM engines and gearboxes) was a lot of bunkum. Aston Martin are still hand made in "wooden sheds, with no flow line." It would take, Boet thinks, around £1m. of new capital for a plan to begin to make sense.

But on the BRM side, Mr. Louis Stanley, managing director (and brother-in-law of Sir Alfred Owen) says that the idea is still definitely on, that it was Aston Martin who made the first approaches and that between them they could build a car to match the Ferraris. BRM had been getting much more commercially-minded of late and could forecast a £1m. profit next year. Taking their racing expertise into the production car field is a logical step, thinks Stanley and the Aston Martin-BRM link "can be to-day's equivalent of what the Rolls and Bentley partnership meant."

So someone has clearly got a crossed line. Or perhaps it is just a question of jumping the gun.

Missing out

Another barrier has fallen under the onslaught of the Women's Liberation Movement. Women's Wear Daily, the chronicler of the vagaries of both social and sartorial fashions in the U.S., has ceased referring to women as either Mrs. or Miss in its pages. Instead, it now refers to all females as plain Ms. It has also stopped gracing men—including the President—with the title of Mr.

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BUILDING

Mood of optimism pervades the industry

By MARTIN ROUTH

A MOOD of optimism is slowly taking a hold on the construction industry which, after three years of depressed activity, now looks as though it should experience an upswing next year.

The total value of work carried out by contractors and direct labour employed by public sector authorities was down in real terms to \$4,971m. in 1970, the second successive year in real terms. This figure includes \$3,325m. of new work carried out by contractors.

equal to 8.6 per cent of the Gross Domestic Product—while the remainder is split fairly evenly between repair and maintenance and work done by public sector direct labour. While the real GDP rose by 7 per cent in 1970, the construction industry suffered a 2 per cent setback in total output at constant prices compared to the year before.

As for this year, there seems to be only a slight hope of improvement. The National Economic Development Committee for Building and Civil Engineering expects the figure to be virtually unchanged. On the other hand, a state of trade enquiry conducted by the National Federation of Building Trades Employers last month showed that 43 per cent of members thought they would do more work this year than last, whereas only 25 per cent expected to do less.

Confidence in the future, however, is endorsed by the line of all orders placed with contractors during the first half of this year which stood some per cent higher at constant

prices than for the same period of 1970. Certainly the private house building market is currently enjoying a most welcome recovery.

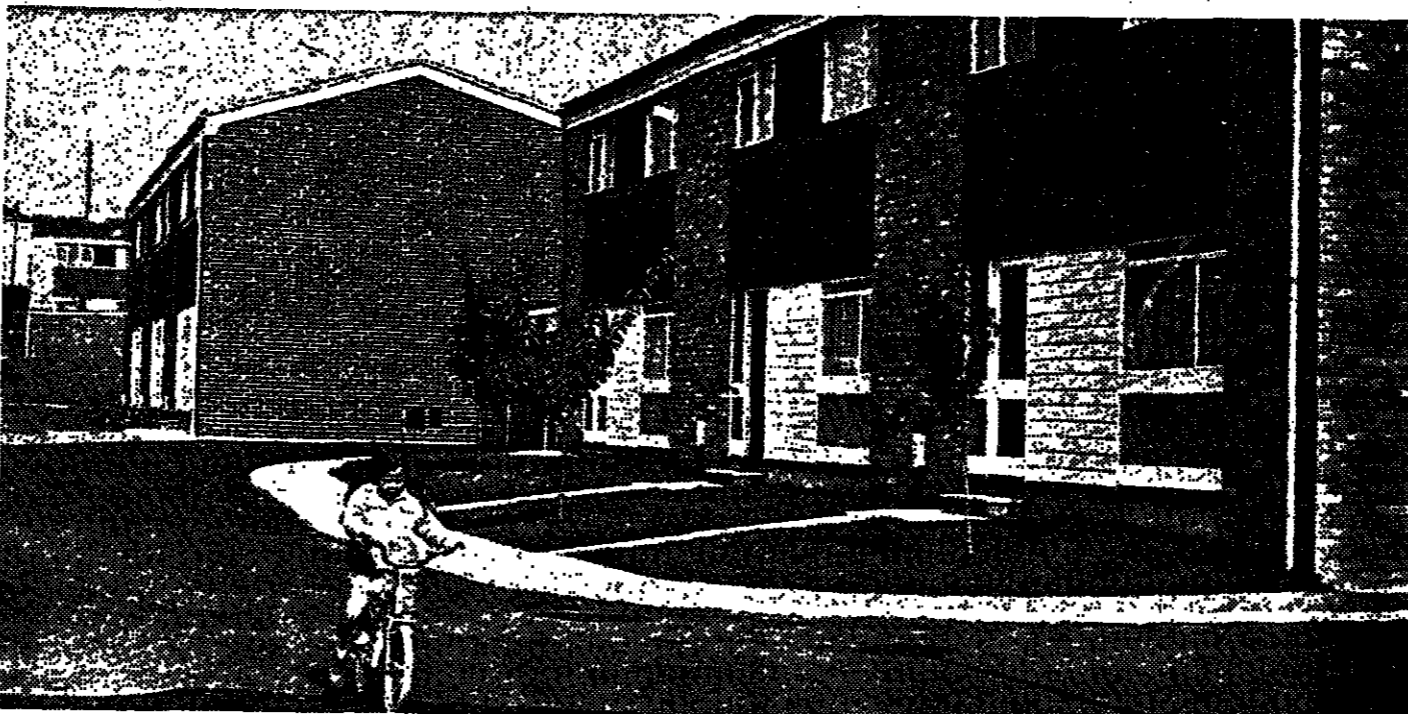
The figure for new private sector house building orders for the first six months of the year was almost 10 per cent higher than for the corresponding period last year. Indeed, the number of private houses started in September was the second highest ever recorded in one month.

Land shortage

However, grave concern exists as to whether this recovery can persist much longer in view of the anticipated crucial shortage of development land particularly in the South East. What is more, the public sector's share of housing continues to decline. The extent of this fall has been put at 11.5 per cent, which to all intents and purposes disposes of the gains in the private sector. On this point, the industry's little NEDC expects total house completions in 1971 to be slightly below last year's figure of 345,000. The prospects for the near future are somewhat bleak as the value of new orders for council housing fell by 20 per cent at constant prices seasonally adjusted for the first half of this year as against last.

But a boost may follow the increases in the Government's housing cost yardstick of up to 11 per cent announced last month by Mr. Julian Amery, Minister for Housing and Construction.

That there is tremendous potential for house building is



Corner of an extensive housing development in Amiens which was British designed and built of British brick.

evident from the fact that an additional 180,000 homes are needed in London alone and much of the older housing stock needs replacing. Nearly 2m. 2m. homes do not yet have such essentials as bathrooms and indoor sanitation, it is stressed in the White Paper "Fair Deal for Housing" published in July.

The Government's main reforms proposed in the Housing Finance Bill, which had its first reading earlier this month, are expected to save up to £250m. of

public money a year by 1976. This Bill is expected to enable local authorities with acute housing problems to receive industry.

tions which showed a fall of 6.8 per cent in the capital expenditure plans of manufacturing industry.

Hotel building

This appears to be borne out by the figures for floor area approved by industrial development certificates. For the second quarter of this year these came to only 14.9m. square feet against 23.7m. square feet for the corresponding period last year.

One area to have contributed to a significant step up in private non-industrial output is hotel building. This has been as a result of the Government's grants offered under the Development of Tourism Act, which required starts to be made before the end of March, 1971.

So far as office building is concerned, there appears to be continuing demand if the strong growth in office development permits is anything to go on, and the industry's EDC foresees

a 4.5 per cent growth in this area. School building has been another active area with new orders obtained in the first six months of the year 40 per cent up on last year.

An analysis of the construction industry shows that the number of firms operating in it has been steadily falling; from 92,000 in 1959 to around 75,000 at present, while at the same time the proportion of large companies has been increasing. The workforce, equal to some 6 per cent of the country's employees, has fallen from 1.6m. to 1.3m. These figures reveal a point to higher productivity.

To some extent this is attributable to the fact that factory-made components are being increasingly used. The share of overall costs of buildings absorbed by engineering services, for example, is continually rising as user standards improve. As these services, covering such things as lifts, air-conditioning, heating and lighting, become more sophisticated, they comprise more manufactured components, and it is this that contributes to greater productivity for the industry as a whole.

But they also serve to demonstrate the extent to which the industry is still fragmented, and may account to some degree for its rather poor record so far as overall efficiency is concerned. The number of registered unemployed in the industry for July was 118,000, and if this figure seems lower than might have been expected the discrepancy is accounted for by the

Direct labour

Another major area of concern to contractors is the possible effect on them of the value added tax proposed for 1973. They are particularly worried that direct labour building departments of local authorities should not be treated in such a way that private builders are left at a disadvantage.

Any forecast of the construction industry's prospects for more than a year or two ahead is impossible as its fortunes are so closely alinged to those of the economy in general. While an upsurge is confidently predicted in some quarters, particularly in view of the country's EEC commitment, leaders in the industry are hesitant in their predictions.

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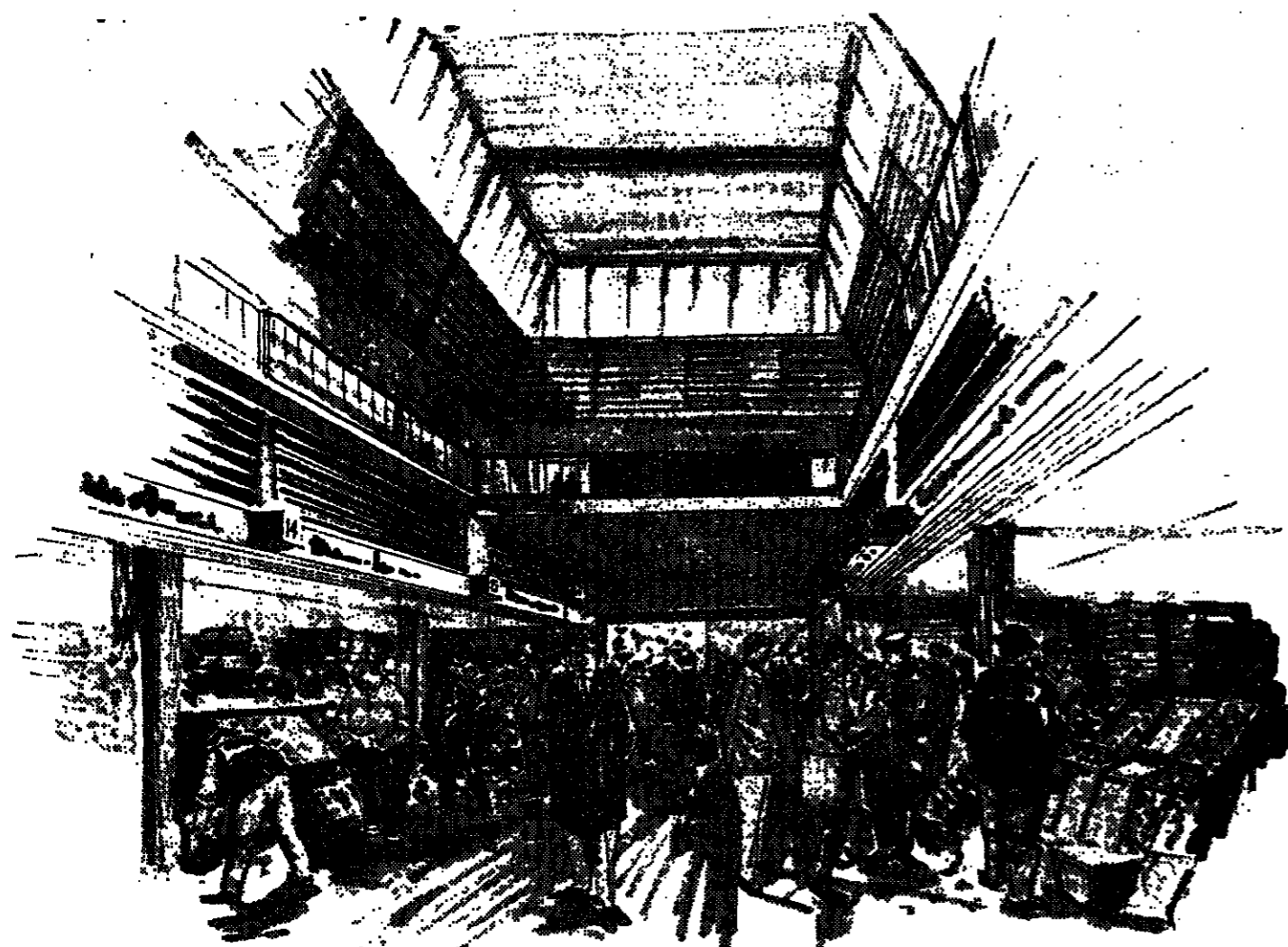
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And he huffed and he puffed
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BUILDING II

Changing pattern in housing demands

By STANLEY MORTON, Chairman, National House-Builders Registration Council

It is always difficult to predict the future in housing. At the beginning of the 1980's expert opinion was agreed that 300,000 houses a year was about all that would be needed.

In fact average annual output in the 1960's in the U.K. at 380,000 started or 362,000 completed a year has far exceeded this figure. In many areas the shortage of homes has been turned into a surplus. Taking Great Britain as a whole in December 1970 there were 408,000 more dwellings than households. In those circumstances some might expect that the market might now stagnate.

Yet, as we all know, the demand for private housing, especially, has never been more buoyant; all the signs suggest that starts will this year be in the region of 200,000 in the private sector while the public sector starts may be about 150,000.

How long will the boom last? We commissioned Professor Parry Lewis to give us a review of the various housing forecasts. The table shows what the experts predict.

My personal belief is that in the next 10 years the emphasis should be and probably will be, more and more on the private sector. Already we have over 5m. council houses, far more publicly owned houses than in any other democratic country. Already 150,000 of these council houses become vacant each year because of deaths and because of other people moving out to buy their own homes. This tendency will, I believe, increase and I think it very probable that by the mid 1970s there will be over 200,000 council houses falling vacant each year.

Even if not another council house were now built, there will be many places where it will be difficult for local authorities to find tenants at fair rents. Those who will want to move into council houses will be those with low incomes who will benefit from the rent rebate schemes. This is right and proper. There should be hous-

ing provision for the needy but I doubt very much if there are over 5m. families in this category for it.

It is worth recalling what Richard Crossman, Minister of Housing, said in 1965: "If the provision of subsidised council housing is a social necessity forced on us by the technological development of the modern conurbation, the provision of houses for sale, to the potential owner occupier, is a response to deep call of human nature. The extension of our

Renting market

Of course there will always be a place for a renting market for those who have to move every year or two or who, for some reason or another, do not wish to own. But even if our political climate should change I think the economic advantages of ownership are so great that the percentage of those willing

electric socket outlets are provided; there is more storage space and kitchens are better planned and equipped. In the public sector houses are also larger, but in the private sector this is true only at the more expensive end of the market. Because of soaring land prices the tendency has been for cheaper private houses to become smaller rather than larger. It is difficult to foresee what is now likely to happen. If by imaginative means we can bring more land on to the market

| HOUSING DEMAND | | TABLE OF COMPARATIVE FORECASTS | | | | REMARKS |
|---------------------|------------------------|--|---------|-----------------------------------|--------------------|--|
| AUTHOR | 1971 | 1972 | 1973 | 1974 | 1975-76 | |
| Parry Lewis | 230,000 | 370,000 | 387,000 | Then a drop until the late 1970s. | | Assuming 5 per cent. vacancy rate in later years. Figures taken July-June. |
| Richardson & Vipond | | Estimated Annual Average Programme 310,000 | | | | Forecast made of overall ten-year picture of what the position may be at end of decade. Figure forecasted—1,500,000. |
| Holmans | A—372,000 B—372,000 | | | | 355,000 402,000 | A—Low slump clearance of 100,000 p.a. B—High slump clearance of 150,000 p.a. after 1971. Figures based on five year assumptions. |
| W. Greenwell | 360,000 | 375,000 | 385,000 | 400,000 | | (Figures for Great Britain) |

council housing programme is exceptional; it is born partly of a short-term necessity, partly of the special conditions inherent in modern urban life, whereas the building for owner occupation is normal; it reflects a long-term social advance which will gradually pervade every region of the country."

I do not think that anyone could express better the direction in which our housing policies should move in our cities as well as in the suburbs. Owner-occupation has every attraction. It is what most people want. It promotes saving. It gives the individual a stake in society. It encourages him to do his own maintenance. It helps the Exchequer because the individual is willing to pay a bigger percentage of the real cost of his housing if he owns rather than rents. This is natural because ownership is a good investment in the long run

to rent privately at an economic rent is likely to remain small. Because rented property has to be maintained and management charges have to be met, the annual cost of renting is almost as great as that of buying even if the renter were given similar tax advantages. In December 1970, 14.9 per cent of all dwellings were privately rented and this percentage is falling rapidly each year. If we are realistic I think we must expect this decline to continue.

In 1980, on present trends, it looks as though home ownership could be between 55 and 60 per cent, with council housing 25 to 30 per cent and with other forms of private renting housing societies and tied houses perhaps 10 to 15 per cent.

What are the likely trends for standards? In the 1960s we have seen improvements in the layout of estates and in the design of houses. Far more have central heating; far more

then our new houses could be come larger as well as better and yet still be built at a price which people could afford to pay. In the U.S. the average new home is nearly 1,300 square feet while our average is probably under 850 square feet. We fall in this then I fear the family houses will remain smaller than would be ideal with less land. We will, however, need more one- and two-bedroom houses; there will be an increasing demand for houses in both public and private sectors built for old people for single people, and as well as retreats for the city worker.

Lastly, will there be a technological revolution? I do not believe so. I have lived through too many "House built in 12 hours" and "£1,000 house" opening ceremonies. But there will be continuing technological evolution and it seems highly probable that the 1980 house will be warmer and better equipped than that of 1970.

Better grants emphasise benefits of improvements

By MICHAEL CASSELL

In the continuous debate on the required levels of new house construction in this country it is often forgotten that much can be done to improve the housing stock situation without a single additional home being built. The problem is as much one of improvement and modernisation as one of new development.

There is little doubt that more has been done in the last three years to stimulate improvement of existing houses than at any previous time. Grants have, in fact, been available for home improvement work since 1949, but rarely was the fact sufficiently publicised by local authorities or made use of by the public. All that has certainly changed since the Housing Act, 1969, and the improvement grants system is currently experiencing a success which could have major repercussions on the nation's housing situation.

Until 1969, the maximum amount made available by a local authority for improvement work was £400. To-day, a more realistic figure of £1,000 exists, unless the owner-occupier or landlord lives in a development or intermediate area where the amount is extended to £1,500. In both cases, the grant is normally half the cost of the modernisation work undertaken.

There are three types of grant available. First, there is the discretionary grant which can be used for improvements to a high standard and for providing additional accommodation by conversion. The second is the standard grant for providing certain basic amenities in existing homes, which the local authority is obliged to pay if certain conditions, including the age of the property, are met. This type will provide half the cost of improvement work to a maximum of £200, or £450 in exceptional circumstances. The third is the improvement grant, which is available to owner-occupiers and tenants alike, and is usually set for any one project and greater acceptance of the grant scheme on a nationwide basis. As a further boost to improvement work, the Federation now operates a scheme in co-operation with Forward Trust which provides finance for those customers wanting modernisation work carried out, but who are unable to qualify for local authority grants.

A less traditional role for the local authorities is in the establishment of general improvement areas whereby the living standards of a whole, predominantly residential, area are raised. A GIA is declared and the local council institutes a slon in future and help maintain the process of modernisation, encouraged by the ready availability of grants and loans. A limit of 300 homes is usually set for any one project and the idea is to improve the environmental characteristics of an area while avoiding the social disruption caused by massive clearance and rebuilding operations. The GIA scheme has taken some time to command the attention of many local authorities but the outlook is improving and, date about 220 councils have established such projects in England and Wales.

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Pioneer approach
As with improvement grant some authorities adopt a more pioneering approach than others. But the undoubted benefits of both schemes should ensure their continued expansion in future and help maintain the process of modernisation, encouraged by the ready availability of grants and loans. A limit of 300 homes is usually set for any one project and the idea is to improve the environmental characteristics of an area while avoiding the social disruption caused by massive clearance and rebuilding operations. The GIA scheme has taken some time to command the attention of many local authorities but the outlook is improving and, date about 220 councils have established such projects in England and Wales.

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BUILDING III

Industry unlikely to increase demand

HAROLD BOLTER, Industrial Correspondent

New industries in the U.K. in Britain, the overwhelming impression is that most companies have decided that they must cut back expenditure next year even below the low levels of 1971.

This is reflected in the latest industrial development certificate returns from the Department of Trade and Industry, which show that the number of projects of over 10,000 square feet in the first nine months of this year was the lowest since 1967.

In the July-September quarter certificates approved for projects in excess of 10,000 square feet represented a total floor area of 15.1m. square feet. By contrast, in the third quarter of last year they covered 22m. square feet—and 1970 was not a good year for builders active in the industrial sector.

Overall, certificates granted in the first nine months of this year represented 48.2m. square feet of floorspace, some 20m. square feet less than between January and September, 1970. The total for the 12 months to the end of this September came to 68.8m. square feet, compared with 92.3m. square feet in the preceding 12 months.

These are disturbing figures and, naturally enough, the IDC policy has come under renewed attack recently. It has been criticised as a deterrent to growth, even the expansion which it is designed to promote in development and intermediate areas.

Birmingham and the West Midlands have been complaining for some time that the IDC control mechanism has prevented the region from maintaining the diversified industrial structure, with new industries consistently replacing old, which has been its traditional strength. Unemployment figures showing the number of people out of work in the region tend to support this contention.

High unemployment

Another critic is the Royal Town Planning Institute, which maintains that it is a naive assumption to believe that if economic growth is stifled in one area it will blossom in some other part of the country. The Institute argues that areas of underemployment can only really be rejuvenated by investments from areas with surplus jobs. This in turn, means that the stronger regions must be kept fertilised with new growth so that there is something to give off. Where the operation of a strict IDC policy prevents new economic growth from taking place it becomes a self-destructive policy, the Institute maintains, leading to economic distortion and discouraging mobility of labour.

Unfortunately, although there is much in this line of argument, the Government is not likely to be persuaded to move away from a policy of persuading industries into the less-developed areas at a time of high unemployment in

those areas. It would be unrealistic to expect any changes in direction.

In any case, the end of the IDC policy would not lead to a dramatic revival of construction activity in itself. The best that can be said is that it would help to create the sort of atmosphere in which companies begin to think in terms of expansion—and that, as the Government has found despite an expansion Budget and subsequent measures, is difficult to achieve.

The Government is well aware of the dangers of a continuing low level of capital expenditure on new plant and buildings and has tried to stimulate growth. The best hope for the construction industry is that now Britain's entry into the Common Market seems assured industry will begin to plan for expansion again, although uncertainties in the currency field could well continue to inhibit their enthusiasm for increasing manufacturing capacity.

There is nothing in the statistics to suggest that confidence is returning.

Returns on the value of new orders obtained by contractors for private sector industrial work suggest that this business is running at an annual rate of some £470m. in 1971, almost £100m. less than the total for 1970. No real resurgence of activity can be expected over the next 12 months.

System building becomes part of everyday life

JOHN M. GILLHAM,

Chairman, System Builders' Section, National Federation of Building Trades Employers

Building costs in Britain have rocketed at the rate of 10 per cent per month. This is the result of increased labour costs, which have leapt over the past ten years. Just basic wage rates and salaries, but increased pay in respect of unemployment, sickness and pension rates; holidays with pay, and redundancy payments, coupled with a full "guaranteed week" in the event of inclement weather. These increased labour costs, of course, not only apply to construction labour but also to manufacturing key materials such as cement, bricks, steel reinforcement, which are key ingredients for any building.

It stands to reason that the form of construction, call it "system" or "industrialised" or "prefabricated" building, which saves on site labour and construction time must become increasingly more competitive with traditional methods of construction.

As many leading people in the British building industry argue, in my submission rightly, that perhaps one should drop the name "system" or "industrialised" building. It was something special. On the contrary, the use of factory precision, dimensionally co-ordinated components, erected by highly trained groups of men, aided by sophisticated machinery, to construct programmes carefully planned and speedily executed, coming part of everyday life rather than the exception.

Industrialised building has had its fortunes in Britain over the last 25 years since the end of World War II. The housing field, the aim of authority housing (around 30 per cent of the total) using industrialised methods, but alas, less successful. However, this figure was never the best year being six contractors were invited to build 50,342 dwellings seven years ago, to carry out completed using industrial building techniques, using their own systems. All were highly successful but, alas, the lessons learned were never exploited with continuity contracts for the whole design/build teams.

On the defence building side, a £9m. Barracks scheme was built at Aldershot, using a heavy to the living accommodation, and a prestressed, precast concrete framed system for the administration, recreational and training buildings. The scheme was remarkably successful, achieving over twice the national average productivity per man year for traditional building, and received both a Civic Trust (for architectural merit) and a Concrete Society award. Thus illustrating the point I have always contended that "system" or "industrialised" building does not mean monotonous building, if designers would only give the same imaginative, creative thought to their "system" buildings as they do to their traditional ones.

At the time of writing, I am pleased to report an upsurge in industrialised building in the United Kingdom—not only in the public but also in the private sector.

Following the publication of a productivity study on two-storey housing by the NBSA showing that productivity on IB sites is 70 per cent above the level for all public sector housing, requiring only 50 per cent of the site labour required for traditional methods of construction, coupled with the publication of Ministry of Housing cost statistics showing a decided cost and time advantage for industrialised built low and high rise dwellings, the number of system house tenders accepted for the first quarter of 1971 showed a considerable increase over last year, accounting for 33 per cent of all public sector dwellings approved by local authorities.

Standard components

With the change to metric and public consortia and private system schools designed to the same preferred dimensions, it is hoped that in the future private structural systems will, once again, obtain a larger share of the market. Education Authorities will be able to select the structural system most appropriate for the particular project, but still enjoy the benefits of inter-changeability of mass-produced standardised secondary components such as windows, doors, partitions and fittings.

Much work is also being done in the rationalisation of common performance standards for mechanical and electrical services in schools, which after speedily executed, it should be all, form an important sizeable element of the total cost of a school.

Recently, the System Builders' identity of interest—efficiency Section of the National Federation of Building Trades Em-

ployers had important discussions with the Department of Health and Social Security with a view to national contractors making a larger contribution to the Hospital building programme.

In Britain to date, more industrialised building has been in the public sector, but the ever increasing costs in traditional building has made many industrialists, commercial organisations, and property developers examine the cost and other advantages of using construction methods aimed at saving site labour and construction time—combining the best of the old with new methods of construction.

Design staff

The contractor is responsible for all aspects of the contract, including design, planning, co-ordination and construction operations, using either his own directly employed professional design staff or commissioning a team of private consultants.

This procedure has the advantage of streamlining administration, reducing both the design and construction periods, and, above all, avoids split responsibility.

In the 1970s it stands to reason that with ever increasing sophistication in man's working, leisure, and living habits, demanding a high degree of precision and skill, that the laissez faire approach to building operations, vulnerable to adverse site and inclement weather conditions, material, labour and other delays is just not going to be acceptable.

Clients will demand, without fail, completion of their buildings, to the required standard, within budget on time; contractors' shareholders will require a proper return on capital employed, and workmen will expect a full working week at a living wage with the opportunity to earn a bonus for high production above "norm."

With traditional building vulnerable to inclement weather, poor site conditions, material delays, labour disputes and indifferent performance between an uncoordinated team of architect, engineer, quantity surveyor and builder, all working in different organisations, this is frequently not possible.

However, with system building controlled by one management/co-ordination, design/contractor, erecting high quality, precision made components, with sophisticated machinery, to construction programmes carefully planned and speedily executed, it should be all, form an important sizeable element of the total cost of a school.

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The largest complex for both radio and television broadcasting in Britain. Among the first of its kind bringing national, regional and local radio and television together in one building. This is the BBC Birmingham Network Production Centre.

Co-operation between Taylor Woodrow, the architects and the engineers was a key factor in construction. Co-operation made even more crucial by the speed of technical progress. For what started as a centre for black-and-white TV and mono radio, was completed with full facilities for colour and stereo.

Six sound studios, each independently suspended in its own concrete shell, make up one wing of the building. So complete is the sound insulation that "The Archers," who broadcast from Drama Studio 3, are quite unaware of the City of Birmingham Symphony Orchestra, rehearsing next door in Studio 1. Here is the home of the Midlands Light Orchestra, and here also in Studio 2, is a specialised centre for pop.

In the other wing, two television studios mount national and regional colour productions. This is also the source of some Welsh television programmes and of "Owen M.D."

And controlling it all, below the eight-storey administration block, is the Operations and Communications Department, which also acts as a Regional switching centre for all BBC programmes.

Structurally independent studios, double and triple-skin walls and ceilings, suspended floors and special internal acoustic treatments. These are just some of the special requirements of this remarkable building. All set in an outer shell of glass, aluminium, profiled concrete with exposed aggregate, marble and mosaics.

Taylor Woodrow Construction (Midlands) Limited were on the site from the first trial borehole to the last acoustic box.

That's the kind of co-operation which puts a project ahead of schedule. Six months ahead of the final date, in this case.

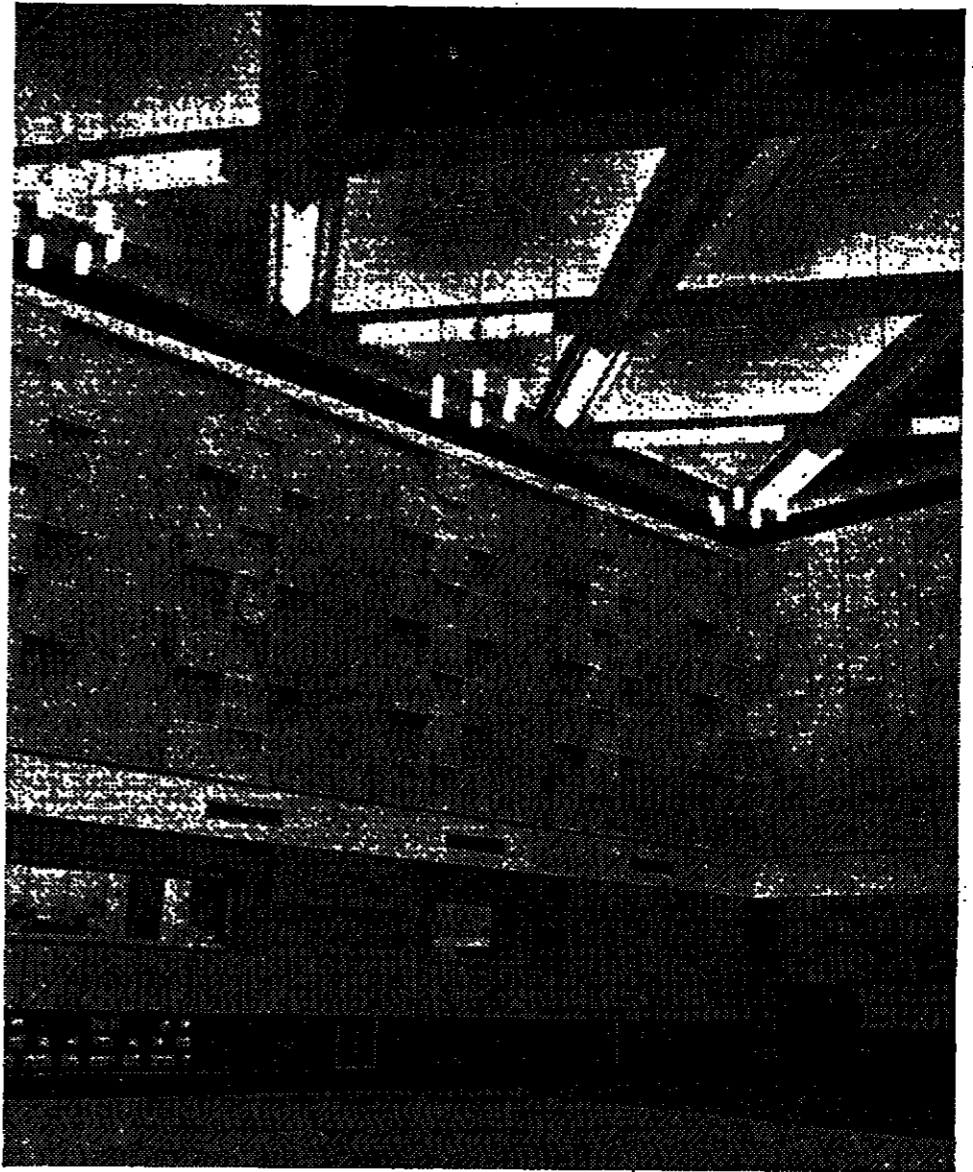
Architects: The John Madin Design Group in association with Mr. R. A. Brown, M.I.C.E., Head of the BBC's Architectural and Civil Engineering Department.

Quantity Surveyors: Messrs. Ainsley, Consultant Structural Engineers.

Roy Bolsover and Associates.

Main Contractors: Taylor Woodrow Construction (Midlands) Ltd.

A new home for the Archers. With colour television and a symphony orchestra.



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The BBC Birmingham Network Production Centre.



Radio Studio 3, the drama studio, with a recording of the Archers. Sound effects including a stair, a door with knockers and a cooker can be seen.

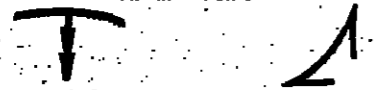
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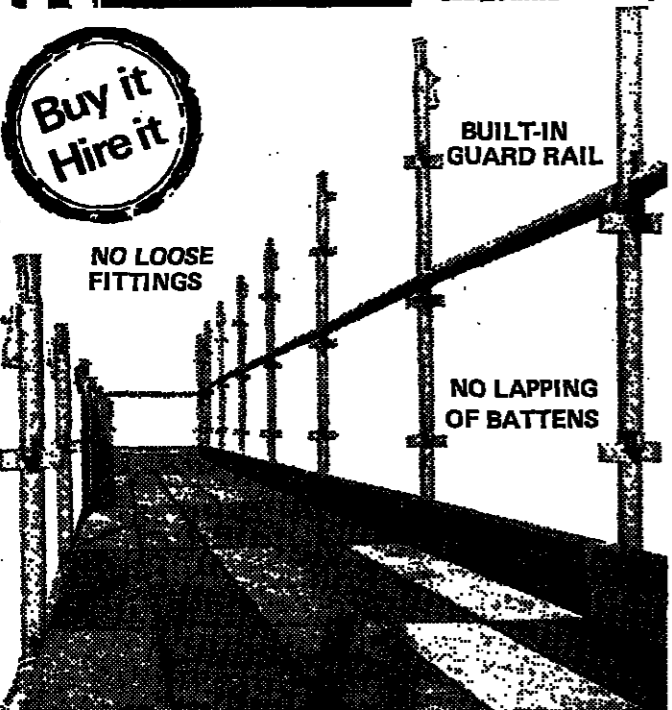
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BUILDING IV

Healthy prospects for big firms

By BARRY RILEY

It has been a quiet year for mergers in the construction industry. Although there has been a trickle of medium-sized deals in the building and building materials sectors — like Pilkington's £2.8m. bid for Thomas Tilling's Tiles, and Ready Mixed Concrete's £3.6m. purchase of Berk's interest in St. Albans Sand and Gravel — the big take-overs have been missing.

One reason is possibly the uncertain trend of the industry earlier in the year; the direction of profits was doubtful, and share prices were generally not high enough to provide the right springboard for bids and deals. Moreover the take-over specialists often had their attentions elsewhere: Trafalgar House has been digesting the acquisition of Cunard, and Bovis has been tying up deals in Canada and arranging a rights issue.

Share prices

Within the past month or so, however, the firm trend of share prices and profits appears to have begun to stimulate a rise in take-over activity. Thus Tarmac stepped in for the trouble-torn Limer Holdings, and stimulated by the intervention of Trafalgar House pushed up its price to £5m. Bovis came out with agreed terms worth £8.6m. for Page-Johnson Builders, reckoning roughly double its stake in the booming U.K. estate development sector.

Viewed from the stock market, this has been a year of substantial recovery. By the beginning of this month the FT Actuaries indices for Contracting and Building Materials were both showing gains of some 60 per cent compared with the end of 1970, a performance about twice as good as that of the all-share index.

In fact experience in the industry has been patchy, but the overall picture has been influenced by several powerful factors. To start with, the tremendous upsurge in the private housing market, contrasting with the period of considerable depression which came before, has had widespread repercussions on the building materials suppliers. The leap in hotel construction has played a part too. Demand for everything from bricks on the one hand to central heating boilers on the other has roared ahead. In the first half of the year deliveries by London Brick increased by as much as a fifth, and profits before tax were £3.03m. against £3.96m. in the whole of 1970. In its third quarter, May-July, Marley

earned £1.92m. pre-tax, nearly as much as its £2.30m. in the full year 1969-70.

The ending of the price controls set up by the Labour Government has also played a major role. Deliveries of cement, for instance, have not been especially buoyant but hefty price increases put through over the last 18 months have permitted a big recovery in profits. The weather should not be ignored, either—a very mild winter has been followed by a predominantly dry summer and autumn, which is always an effective influence in keeping costs down and profits up.

Good weather has been important for roadbuilders, and this sector has also been the beneficiary of an active phase in the trunk road programme as work has continued fast towards the target of the first 1,000 miles of motorways. Those in the right places have done well: among the civil engineers W. and C. French, for example, while among the suppliers of aggregates Amey Group raised profits from £0.48m. to £1.19m. before tax in the first half.

So much for the bull points. There have, needless to say, been some important factors working the other way, and of these perhaps the most widespread—cropping up in practically every major company statement—has been the problem of

fixed price contracts in the public sector. The Government, together with other public authorities, has resolutely opposed attempts by the construction industry to write variable price clauses into contracts of less than two years. So the price and cost explosion of 1970 and the early part of this year has made built into contracts being worked on in the recent past, and at present.

Rate of inflation

There are signs, however, that the worst of this problem may now have been seen. For the last year or so the industry has been allowing in its tenders for a much higher rate of inflation. As the older contracts are completed the higher profitability on newer business will show through more and more.

In the public sector the fixed price headache has been compounded by the weak demand for housing, more particularly for high rise types—which have been going rapidly out of favour—and various kinds of industrialised building systems. The combined effect on George Wimpey was sharp at one stage—in the six months to last March the group's pre-tax profits fell by 40 per cent. Another prominent victim of hard times in this sector has been Concrete, the "Bison" group which rose to

prominence on the back of the high rise housing fashion: profits here fell 17 per cent to just over £1m. in 1970-71.

Yet Wimpey has bounced back in creditable style, with a slight earnings improvement in the half year to June; for a group building over 9,000 units a year in what is at present a highly profitable U.K. private housing market this is, perhaps, not surprising.

It remains to be seen whether the high profits of some areas of the building industry will percolate through to the remaining dull spots; in contrast to Amey Group, for example, Hovingham Gravel (in a much less favoured area) has only shown modest results so far, despite the good weather factor.

Still, the broadly based industry giants are looking healthy. Thus Taylor Woodrow is hopeful of maintaining its steady upward trend and John Laing—just moving out of its long phase of recovery towards real growth—pushed profits nearly 50 per cent higher to £1.56m. pre-tax in the first half of the year. For the same period Tarmac was also well up, by some 16 per cent, excluding acquisitions. And though Marchiel has been quiet about prospects, it is fair to assume that its big stake in the U.K. roadbuilding programme is standing it in good stead.

Safety: waiting for Robens

By KEN GOFTON

Overshadowing any debate on accident prevention in the construction industry—or indeed any other industry—at the present time is the Robens Committee on Safety and Health at Work. A considerable volume of evidence has now been placed before the committee, and although the publication date for the report is not yet known, its findings are eagerly awaited by those directly involved in accident prevention. One authority in the construction industry said that the inquiry represented the best opportunity in 100 years to influence legislation.

Several employers' organisations

are involved in what is loosely known as the construction industry. They include the building trades employers, civil engineering contractors, engineering employers, and the electrical, heating and ventilating, asphalt, and oil and chemical plant contractors, and they have submitted written evidence jointly.

Although that evidence has not been made public, one can make a fairly accurate guess at the points which the industry's employers would want to get over. For example, although construction is grouped with manufacturing under the jurisdiction of the Factories Acts, it is strongly felt by many that the conditions are entirely different. Accident prevention on a building site is complicated by the fact that the physical shape of the site and the work being done change from day to day; weather conditions can have an important bearing on safety; and the number of sub-contractors can make overall supervision difficult. It is not suggested that there should be no legislation governing working conditions in the construction industry, but the official view of the employers' associations is that the present law is too cumbersome and difficult to interpret. A separate Act and Regulations are required for construction, it is argued, and these should be backed up by an industry-devised Code of Conduct, rigorous training programmes, and a greater reliance on the common law responsibility of the individual.

Accident record

How much sympathy the Robens Committee will have for this point of view is difficult to assess. In spite of much good work done by individual companies, the industry's accident prevention record as a whole compares badly with that of manufacturing industry, largely because of the difficult working conditions referred to earlier. If it can be shown that existing legislation is positively hindering efforts to improve the industry's performance, then the case might be accepted. But the sole criterion must be to devise the most effective legal framework for minimising accidents. Against that, a feeling of being hemmed in by too many petty regulations is a small price to pay if it genuinely means fewer employees being injured.

The industry is also critical of the present system of assessing blame for an accident when it comes to the allocation of compensation. This has the effect of making more difficult any investigation into the cause of an accident, because management and employees withhold information in an attempt to safeguard their own interests. Although anything which divides management and employees on accident prevention is to be regretted it poses again a major question: whether the problem is so important that it

merits upsetting the present system of compensation through the Courts.

Statistics present another source of irritation, particularly to the construction industry (which is frequently shown up in a bad light), but also to industry at large. The problem really is recording minor accidents resulting in a few days off work. These figures have some importance to government departments concerned with the payment of benefits, but few now regard them as an accurate measure of the number of accidents occurring—it is claimed they are distorted by people taking a few days off.

203 fatalities

More accurate, since there is no arguing about it, is the number of fatalities which have occurred. In the construction industry, some improvement was recorded last year, with the number of fatal accidents down to 203, against 265 in 1969 and 238 in 1968. Yet in 1967 there were only 197 fatalities. Related to the number of people employed, there were 19.9 fatalities per 100,000 employed in construction in 1970, compared with 23.8 in 1969, 20.5 in 1968, and 18.5 in 1967.

One piece of legislation which appears to have been pigeon-holed for the time being was the Labour Government's proposal for compulsory joint consultation on accident prevention. This was resisted by the construction industry employers on the grounds that accident prevention on a building site is a complex issue which calls for special training. The employers objected to their employees being given authority on safety matters without adequate training. "But we would do anything we could to encourage voluntary consultation," said a spokesman for the NFBE. Although the Conservative Government shows no inclination at present to revive the idea, there is no guarantee that it will not be resurrected by a future Labour Government.

These are perhaps some of the more interesting debating points in the industry at the moment. On the practical side, there are at least a couple of developments which have been carried out centrally that are worth recording. One is the completion of the industry's detailed Safety Manual, which retails at £5 plus a further £5 for an amendment service. Sales have "far exceeded expectations," and the manual has even been adopted by the Royal Engineers. It replaces the confusing mass of literature from many sources with which building companies were regularly bombarded.

The second interesting development is the provision of four mobile units by the NFBE which can visit building sites and are equipped to give film shows and lectures to 24 people at a time. Thirteen different subjects are covered in the programme of lectures offered.

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Site labour and the new legislation

By JOHN ELLIOTT, Labour Editor

The coming year could well prove significant for the development of building industry labour relations as construction settles down within the new industrial Relations Act.

As in all other industries, it is as yet too soon to predict with any degree of confidence how the new labour legislation will affect day-to-day relations. It is even more difficult to try to do this in the building industry because of the way it is organised. And in any case, any changes in the TUC's policy of non-co-operation with the Act will affect developments.

But despite this, three parts of the Act look as if they are likely to have an impact on building sites. The first is the drawing of closed shops and their replacement with agency shops. The second is the possibility of friction developing over the use of the new bargaining unit procedures. The third is the need for management to tighten up their dismissal procedures so that they do not fall through inefficient organisation, of the Act's new fair dismissal provisions.

Local traditions

At present closed shops of varying degrees of formality exist with differing leanings towards "pre-entry" and "post-entry" arrangements exist in the industry, the more formal being Scotland, the north and the east. Although the degree of unionism, say on Tyneside, slipped for some unions well below the 85 per cent which it was estimated ten years ago, even though closed shop arrangements have tended to be proportionately less common, local traditions have been maintained and on many sites arrangements are in existence which will be unlawful in the future.

This is because of the Act's

provision of a statutory right not to belong to a union as well as a right to belong to a union of one's choice. It follows from this that all closed shop arrangements will be unlawful and the Act rubs this in by specifically declaring pre-entry arrangements void, leaving post-entry shops to be covered by the right not to belong. It also outlaws informal arrangements where a union in effect operates a closed shop, for example where it has a dominant say in who should be employed.

But this does not mean that all closed shops must be eliminated on the day next February or March that these provisions are brought into force. There is nothing to stop employers continuing to operate the arrangements providing they are prepared to pay compensation in the Industrial Tribunals on the unfair dismissal scale up to £4,160. And a pre-entry closed shop will not be regarded as void until it has been declared so by the National Industrial Relations Court at the request of a man who felt he was being discriminated against by being refused employment.

But in some industries, employers are contemplating writing to their unions stating that because of these provisions such arrangements must end. However, in construction, the most likely trend seems to be for employers and unions to continue their old habits, if in a more cautious and circumspect fashion.

The new alternative introduced by the Act (apart from the special approved closed shop for use in special circumstances like the entertainment industry where Actors' Equity needs total control) is the agency shop. This gives an employee three choices once he has been employed. Either he joins the union, or he pays it an agency fee without joining, or he establishes conscientious objection and pays a donation to a charity.

How far this sort of shop is applicable to the construction industry is open to debate. Obviously it would be useful in a

factory situation—say a joinery shop or pre-cast concrete factory—where there was a stable labour force. It might also be useful on sites if it could be arranged at company level because it is estimated that about half the building industry's workforce stays with one employer for about five years. But at site level with a more rapidly changing workforce it might be better for a union to try to build up a strong "voluntary" arrangement rather than bother with an agency shop.

But in any case, all this is fairly academic at the moment because of the TUC's anti-Act policy which first debars registration and secondly says unions must not go to the NIRC to use its provisions. Non-registered unions cannot effectively negotiate an agency shop because it would not have statutory protection. There would therefore be no method of forcing an employee either to join a union or to pay the agency fee.

Even though Mr. Jack Jones' TGWU is showing itself loath to de-register quickly, it should not be assumed that he will defy the TUC—and nor will Mr. George Smith, of the new amalgamation, who is this year's TUC chairman.

Bargaining units

The possibility of bargaining unit problems is similarly restricted by the TUC policy because non-registered unions interested in invading the industry—or the established unions interested in attacking each other—would not be able to appeal for a statutory unit. Nevertheless, with unions like the construction section of the Amalgamated Union of Engineering Workers moving in on plant operators and Mr. Clive Jenkins' Association of Scientific, Technical and Managerial Staffs wondering whether it can be bothered to tackle the industry's unorganised white-collar staff, a relaxation of the TUC policy could lead to bargaining unit applications.

The third problem from the Act stems from the industry's present loose and informal dismissal arrangements. If a company is to be able adequately to defend itself in the Industrial Tribunals, it will have to ensure that the procedure to be used when a man is dismissed is

properly followed—for example there should be no doubt about who has the responsibility for dismissal, and adequate records of the reasons and circumstances of a dismissal should be kept.

Two other aspects of the Act should also be noted. First, there are the restrictions on strikes and the introduction of new unfair industrial practices. Here developments depend almost entirely on management's attitudes to the value of trying to end a dispute in the courts.

The second is the Act's requirement, backed up by the Code of Industrial Relations Practice, for management to hand over company information to union negotiators. This provision will not be enforced till late next summer. But it seems likely to raise immense problems for contractors who could well be faced with demands from shop stewards negotiating bonus rates for cost information—either through

bills of quantities, operational bills or some other source. Meanwhile, now that the Building Trade Workers have merged with the Woodworkers and Painters instead of the TGWU, the new amalgamation has to face a difficult period with organisational and financial problems. But the TGWU's ambitions in the building industry have not been stifled just because it lost the builders and a new period of rivalry can soon be expected as the amalgamation attempts to establish itself as a viable industrial union.

This rivalry will colour the wage negotiations leading up to next year's June deadline. The hand over company information move anywhere near the £30-a-week minimum claim that has been lodged (up from £20) and may well also refuse a cut in the 40-hour working week. The unions could well react to this switch away from the previous practice of paying high grants, particularly for "luxurious" management courses.

Many people were now asking him whether, once the debt was paid off, the CITB would take on a purely advisory role. Mr. Owen, the director, was saying the other day. Such a CITB move would be in keeping with the training boards, some of which plan to do away with the levy-grant system in the relatively near future.

In reply he told the Contractors' luncheon club early last month: "I am personally quite certain that financial controls, which would prevent a training board running into debt, can be maintained on a levy/grant system. So I believe the question that both Government and training boards must answer for the future is: have the levy grant mechanisms operated by the training boards over the past 6 years improved the quantity and quality of training in their industry and have they assisted in spreading the cost of training? And associated with this question in my mind is another equally important one: "Has the levy/grant mechanism been cost effective and equitable?"

He added: "There is little doubt that the answer to the first question is 'YES.' The Training Act got off the ground because training boards could raise a levy and pay a grant. A company which was not already interested in training became interested, either because it would have cost it money if it didn't or because it would be able to make money if it did. There can be no argument with this fact and one of the greatest contributions this has made to the industry is the fact that there are now over 1,000 fully trained competent training officers in the construction industry."

Restructured

Among the complaints directed against the old-style CITB had been one about lack of consultation with the industry. The Board therefore restructured itself into committees, and thus threw the "onus" straight back at the various sections of the industry. The committee members are sitting as the representatives of their sectors, not as individuals—and nobody can complain about lack of consultation now. Each of these four committees decides its own training objectives and its own levy/grant policy. The Board as such only intervenes if a decision by one committee affects the decisions of the others.

Each of the committees has sub-committees and working parties. Members represent companies, federations, trade unions and educational establishments, and cover a wide regional cross-section as well. Next, administration costs were reduced. To-day, the CITB staff numbers about 550 less, a drop of around 50 per cent. Area offices were closed and expenditures scrutinised and pruned. Over £1m. a year, or 33 per cent, was, in fact, cut out.

on grant payments against levy. And firms with payrolls below £6,000 a year were exempt altogether, with a 20 per cent levy reduction for those with payrolls between £6,000 and £15,000. It is now anticipated that, in fact, the loan should be down to nil by March, 1976, and the Board does feel that, financially, it no longer has any problems of control.

So throughout all these convulsions, training had to take a back seat. It is only now that the committees can take a look at what, and how much, the industry actually needs, and they are doing just that, in a somewhat pragmatic way. The outcome will undoubtedly prove to be rather mundane. There will be more in the kitty for, say, apprentices, and less on the management side. One wonders whether the pendulum may not now be swinging too far in the switch away from the previous practice of paying high grants, particularly for "luxurious" management courses.

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Sharing the cost

The speed with which the training boards can, with advantage, move towards that coveted advisory role, and do away with their levy and grant systems, must surely depend on the degree of sophistication in the industries they cover. Quite apart from the need for the CITB to collect levies to enable it to repay its debts, it is doubtful whether, without the present stick and carrot lever, many construction firms would participate, and allow a monitoring scheme to operate. There is another idea which came up at the birth of the training boards, but which has since been largely discredited, and that is the idea of "sharing the cost of training," meaning that those who do not train pay money to those who do. This view is no longer generally fashionable, yet Mr. Owen says that there are still many people in the construction industry who tell him that sharing the cost of training is the only true purpose of a training board. Obviously, the construction industry still has a long way to go.

Training needs still undefined

By ELSBETH GANGUIN

The first two big training loan had to be negotiated, too, because other borrowing sources had dried up. Other drastic measures followed. Grants payable for training done in 1970-1971 were slashed by half. The Engineering ITB, at once, used the big "stick" to encourage training in the shape of a 2.5 per cent levy on the industry's payroll. The Construction ITB, on the other hand, decided to place its main emphasis on the "carrot"—it promised grants for this, that and the other. This, in a nutshell, became its undoing a few years later.

The open-ended grants scheme became just too expensive. Also, the Board's administrative costs became a bone of contention. Altogether, the CITB expanded too fast—even if this was largely in response to its industry's demands—and, finally, it found itself deeply in debt and at odds with everybody.

So, 18 months ago, a new chairman moved in, followed, in January of this year, by a new director. The ITB's borrowing powers were raised to £16m., because to cover its grant liabilities a £30m. cash-flow was needed. (In the event, the £16m. was actually never taken up.) And a Government

Each of the committees has sub-committees and working parties. Members represent companies, federations, trade unions and educational establishments, and cover a wide regional cross-section as well. Next, administration costs were reduced. To-day, the CITB staff numbers about 550 less, a drop of around 50 per cent. Area offices were closed and expenditures scrutinised and pruned. Over £1m. a year, or 33 per cent, was, in fact, cut out.

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BUILDING VI

Materials suppliers optimistic

By RICHARD HERMON, Director, National Council of Building Material Producers and the Building Materials Export Group

Materials, components and fittings—materials for short—represent nearly half the cost of construction works in which they are incorporated. Building material producers are thus currently supplying goods to the value of well over £2,000m. to the home construction market, together with over £200m. in direct exports. A wide and diverse range of industries is involved, represented by a considerable number of trade associations and federations, the great majority of which are brought together in matters concerning their collective interests, and representation of these interests, in the National Council of Building Material Producers (BMP), founded in 1942.

The industries producing building materials are generally capital intensive—in many the annual turnover is less than

or about equals the capital employed, in sharp contrast to the contracting side. Investment decisions for new plants and for increasing capacity must generally be taken some two or three years ahead. Producers therefore have a particular interest in longer-term and medium-term forecasts and their accuracy. BMP being probably the first body in the construction field to undertake forecasting on a regular basis for the benefit of its members, a function which it has fulfilled for many years. Construction activity has shown a decline, in real terms, since 1968, with consequent underutilisation of capacity and resources. It now seems reasonably certain that this decline will be reversed for 1971, which should show a modest increase in output at constant prices with every sign of a larger one

in 1972, to return, for new works, to about the 1968 level. It must be hoped that real growth will then continue, as foreseen by the longer-term assessments of the forecasts working party of the two construction Economic Development Committees which suggest a continued growth to 1979, in real terms, but at rather over half the average rate enjoyed for the decade to 1968. There is nothing to suggest that building material producers will not meet the demands likely to be put upon them. Sudden surges can, however, occasionally cause temporary difficulties, primarily of a specific or local nature.

Repair market

The repair and maintenance market is an important one for material producers—one which is understated in official

statistics because of the omission of such work which is carried out by the maintenance organisations of industrial firms and others not themselves in the construction industry, and by do-it-yourself. It has been estimated that if the value of such work were included, this sector would represent no less than a third of the consequent total output. Predominantly the materials for it are supplied through merchants and retailers. Minor new works, and minor works of improvement, are normally included in this sector, which is undoubtedly receiving a fillip from the Government's encouragement of house improvement.

So much for prospects in the home market. Exports have shown a marked and successive annual growth since 1967, and in the first half of this year are over 20 per cent higher in value than for the corresponding period last year. Many building materials have a high weight-cost ratio and cost of transport can be a large element in delivered price. Such materials are not easily exported. It is unwise to be dogmatic—who would think that we can export manhole covers, for example, yet we do, and considerable quantities of fabricated structural steelwork are exported—but clearly the more immediately promising opportunities lie with lighter, low-bulk commodities, the more sophisticated or advanced materials and products, and those in whose selection "prestige" and fashion can play a part. By and large, if we enter the Common Market, our building materials industries should, on margin and with but a few possible exceptions, benefit from a removal of tariffs and a greatly enlarged "home" market despite the U.K. market being more open to Continental competitors. Benefit, too, should lie in a greater demand for construction work in the U.K. for new transport facilities, factories, and so on. Many firms, of course, already own or participate in overseas producing companies, to overcome costs of transport, where British expertise and know-how can be exploited, and to meet differing local practice and requirement.

The Department of the Environment has recently commissioned a study on import saving in building materials. Available statistics for both exports and particularly for imports of materials, viewed in the context of construction, are imprecise and not comprehensive, and perhaps this study, as part of its findings, may indicate improvements which might

be made in import statistics without inordinate cost. The EDCs, and more particularly the Construction Materials Group at that time associated with them, have, however, on previous occasions made fairly extensive studies into the question of import saving. As might be expected, they found that the major import was timber, which could not be replaced by home production. Other items under the broad heading of materials, as distinct from the construction process (where fuel oil, for example, are substantially used), were generally relatively small in value. Again, imagined prestige, predilections and fashion seemed to play a fairly large part in their choice by the specifier and designer. There are also raw materials, particularly non-ferrous metals, used to make building products which, like timber, must be imported. So it becomes largely a question of the specifier's attitudes (which might be changed) on the one hand, and import substitution on the other. The latter, in particular, opens up a wide field for debate and controversy, into which overall economy, suitability and performance enter, as well as broader and more fundamental issues.

Rising prices

Recently, there has been comment on the rising prices of building materials, and it may seem strange that the sharper increase started to occur during a period of declining activity. Producers were, however, recovering from a period of artificial restriction and control and they too were and are suffering from inflation in their own costs, imposed on them from outside and by world market prices for commodities which many of them use. There has been an essential need, too, to restore the return on capital employed to the generally modest level—and here cement, in particular, may be singled out in illustration—which is essential as a minimum to maintain capital investment and progress.

It is a simple fact that building material producers have maintained an enviable overall record, over a very long period, of relatively small and steady price increases. For a period between 1957 and 1960, the cost of construction materials went down. More recently, the official price indices for construction materials as a whole, using 1963 as the base year, show average annual percentage rises, over the years, of 3.2, 2.9, 2.8, 3.1, 5.5 and 3.5 for the years 1964-69 inclusive—an average of 2.9

compound or just over three arithmetic. For 1970 over 1969, the figure was 8.4 per cent. For July 1971 (the latest figure available at writing) over July 1970 it was 10 per cent. Both these latest figures, derived from the official indices, are noticeably below those commonly given in commentary, and arise from the circumstances already noted.

CBI undertaking

A price rise of 10 per cent will be seen as a high average figure for building materials, but it bears favourable comparison with many other commodities, services and wages over the same period. The cement makers have fixed their prices for a year, many of the largest producer firms have signed the CBI undertaking and others not within its catchment have subscribed to it, while the Council of BMP has commended the CBI initiative to all its members. Producers, in conformity with their long record, can be relied upon to exercise all possible restraint. Indeed, the increasing development of competitive materials, products and combinations of materials makes this a commercial necessity, quite apart from the need to encourage growth in the market which they serve.

What is the effect of material price rises, as a whole, on construction costs? A rise of 1 per cent results in a rise in construction cost of just about 1 per cent; a 10 per cent increase in cement prices adds between about 1/5th to 1 per cent to overall construction costs (and much less to a normal house). Of course, rise in individual materials can have a relatively larger (as well as smaller) effect on particular types and forms of construction—an added incentive for producers to keep their prices as low as possible to meet out comparisons between differing forms.

It is not possible in a short survey, even in a general way, to deal with the many developments—recent, current and future—which affect material producers, such as metrification and dimensional co-ordination, specification by performance, some aspects of data co-ordination, bulk purchase contracts, and other contractual issues. Suffice it to say that in many of them the commercial balance falls on the building material producers, and they have a vast and continuing interest, as part to play, in them.

Revival in brick construction

By J. H. MILSTED, Chairman, Management Committee, Brick Development Association

At the beginning of the 1960s it seemed to some specifiers at least that the use of brickwork as a structural medium was possibly on the way out. Unpopular with the more avant-garde designers, it also had to contend with Government pressure for the use of newer systems which seemed to pronounce it an uneconomical and thoroughly inadequate way of putting up a wall. Yet a few years later it is possible to write in terms of a revival in brick construction.

An important factor in this reversal of the earlier trend is undoubtedly the disenchantment of many designers with other materials and forms of construction which have proved neither quicker nor cheaper than brickwork and which deteriorate at a wholly unacceptable speed.

A sufficient time has now elapsed for the true cost of maintenance and the serious structural problems inherent in industrialised building to be assessed by local authorities all over the country.

These professional misgivings are reflected in the growing and increasingly articulate public concern with the quality of the environment being created in this country. Not a little of the criticism is directed at the use of harsh and unsympathetic materials in wholly inappropriate situations—especially in housing areas. In these circumstances, it is not altogether surprising that the outstanding economic, functional and aesthetic properties of brickwork are being re-assessed at something approaching their true value.

Research programme

But a further and important set of reasons for the turnaround in architectural and constructional trends is to be found in the recent history of the brick producing industry itself. When its markets came under competitive pressure, the brick industry was able to bring into train the positive developments which had resulted from its research programme to meet the challenge to its traditional supremacy over all other forms of construction. At company level this manifested itself in the evolution of larger and more efficient production units and the widespread adoption of modern management, manufacturing and marketing techniques. On the collective front, firms representing the bulk of the production of the industry reshaped the existing Brick Development Association to promote the common weal more effectively—not least in the important spheres of communications with the building industry and research and development.

This latter activity has exerted a significant influence in the revival of brick construction. Despite its somewhat staid and traditional image, the brick industry had been investing considerable sums in research and development long before its markets came under attack. Fortunately, this started to pay off just when the onslaught was gaining momentum. The early 'sixties witnessed a major technical breakthrough when the functional and economic efficiency of multi-storey loadbearing brick structures was established beyond doubt. Traditionally, the higher you went with loadbearing brickwork, the thicker the walls had to be. Research showed that with high-strength bricks, sensible planning and the application of sound engineering design it was possible to build 16, 17 and more storeys high with walls no thicker than

are used in many two-storey dwellings.

For a time, however, progress was slowed by the Ronan Point disaster—the tragic gas explosion in a high-rise, pre-cast concrete panel structure which cost four lives and brought about an intensive investigation into the design of tall buildings generally. It is typical of the forward-looking, objective attitude of the contemporary brick industry that, although its products were not involved at Ronan Point, it was the first organisation to start researching the effects of gas explosions and the phenomenon of progressive collapse. Sponsored by the Brick Development Association, the British Ceramic Research Association erected a full-scale multi-storey brick building and, with the co-operation of the Midland Research Station of the Gas Council and the Atomic Weapons Research Establishment, Foulness, subjected it to a long series of gas explosions in order to establish the magnitude of the pressures developed and their effects upon the structure.

The results confirmed what many people already suspected from the experience of two world wars—brick structures have a remarkable capacity to withstand the effects of gas explosions and other accidental forces.

Wide spectrum

The industry recognises that although the material has been in use for centuries it still has unexploited design and development potential. As visitors to the impending International Building Exhibition at Olympia will be able to see for themselves, sponsored research in hand in the laboratories of the British Ceramic Research Association—among the best-equipped in the world—and the universities of Edinburgh and Liverpool, covers a wide spectrum of projects from the evolution of advanced structural techniques to the development of more efficient handling and bricklaying methods. The extent to which the brick industry is busy developing itself with the problems of designers and contractors alike, through this research and development, is an unquestionably important factor in the swing back to brick construction.

In addition to the favourable trend largely stimulated by their own efforts and the swing away from competing forms of construction, brickmakers are currently benefiting from the general upturn of business in the construction industry at large. Thus far, however, the increase in demand has not been matched by any very significant increase in brick production. Due to the recent severe recession in building—especially housing—brickmakers deem it prudent to dispose of their accumulated stocks and to take a long, cool look at the likely pattern of forward demand in order to plan their future production requirements. The present supply position is generally satisfactory—such minor problems as exist are regional and are confined to the lower-priced bricks. There are still considerable stocks in Scotland where there is a general recession in construction.

Far from becoming complacent in the face of an expanding home market, some brickmakers are beginning to turn their eyes towards Europe in search of new outlets for their production. Only a few months ago, a major private housing development in Amiens was constructed entirely in British bricks and found a very ready sale among French house-purchasers. Provided transport

tation costs can be kept within reasonable bounds, there seems every reason to believe that this example will be followed elsewhere in Europe. Many British bricks are greatly superior in functional and aesthetic properties to most of their continental counterparts, and there is strong evidence to suggest that our brick industry is about ten years ahead of its European colleagues in research, production and marketing techniques. Nor should such an invasion of their markets be necessarily unwelcome to overseas brickmakers. The introduction of British products and marketing experience could be of immense value to the home-produced article in stimulating a general increase in the demand for bricks.

But—to return to the state of the game in this country—all the indications are that brickwork has not only re-asserted itself as by far the best structural medium for our climatic conditions, but is also the "in" material with some of the most progressive designers for external walls, internal walls and pavings. The built environment can only be the better for it.

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BUILDING VII

Measuring the impact of Europe

By DAVID CURRY, Export Editor

In August this year the Department of the Environment published a survey of the Construction Industry and the EEC.

It is final passage carries the message that is being repeatedly reached at businessmen on the eve of Britain's Common Market entry: "Above all, the impression received during the course of preparing this paper is the importance of developing European attitudes. Fears have been expressed," the document says, "about an influx of competition, the difficulties of operating in Europe have been emphasised, and the view has been put forward that the common Market concept has little to do with construction."

"But in Europe itself, the construction industry accepts the reality of the market. There is indeed a risk of increased competition and there are very real technical obstacles to operating outside national boundaries; but the feeling in Europe is that these are usually over-emphasised. Once the concept of a massive home market, however its imperfections, is accepted, the problems are found to be of manageable proportions. For the construction industry, it is thought that entry would provide greater opportunities than the reverse."

It is hardly rhapsodic in tone. It reflects the feeling of the industry that the nut is cracked and provided it is spared too much exhortation.

In fact, the materials and components industry has an impressive exporting record. In 1970, exports of fittings and components reached £86.7m, the first half of this year is showing a 35 per cent improvement on the same period of last

year. Overseas sales of materials are showing a similar improvement after reaching £36m. last year.

Iron and steel sales, in the form of products like bars, rods, sections, girders and galvanised sheets are also set to top last year's £71.8m. in overseas sales.

In terms of output the U.K. lags some way behind France and Germany. It is estimated that in 1967 the output of the construction industry in France was \$17,000m., in West Germany \$14,580m. and in the U.K. \$9,450m. In terms of the bigger size companies operating the U.K. generally boasts more of the bigger size companies, in relation to turnover. France in 1969 had 34 companies with turnovers in excess of £16m. and two with a turnover of more than £77m. Germany had 17 companies in the first category and four with a turnover of more than £77m. The U.K.'s figures are 31 and four respectively.

Third World

The U.K. and the European industry tend to do more exporting with underdeveloped countries than with each other, largely because the cost of transport makes it difficult to compete in a sophisticated market with its own advanced construction industry. In the Third World the tendency is very much to establish manufacturing operations or licensing processes as a response to the very heavy demand for construction facilities by countries trying to build up their infrastructure in the form of roads, housing, docks and the like.

In 1969 it is estimated that French contractors did \$791m. in work abroad, of which only \$143m. was in Europe. The West German figures reflect a similar propensity, with Europe accounting for only \$27.3m. in work out of a \$404.3m. total. British companies carried out work abroad worth \$560.5m., of which the European share was only \$42.6m.

One of the main factors which will boost trade within the Common Market will be the eventual freedom of competition in the field of procurement of suppliers and construction by the State, local authorities and public enterprises.

In the area of supplies the Commission has submitted a plan to the Council which would introduce publicity in the Community as a whole for important contracts, prohibition of discriminatory technical specifications, "objective criteria" for the selection of companies invited to tender and for the acceptance of tenders.

Similar formulae are being considered for public works tendering, though it is likely that public authorities engaged in transport services, gas, electricity and water supply will be excluded. There is also likely to be provision for grounds to waive the rules in certain circumstances.

The general vagueness of the proposals, and the inevitably slow and tortuous pace of harmonisation procedures is likely to put off for many years the time when overseas companies will be able to compete on completely equal terms with native companies.

The Treaty of Rome also aims to allow individuals and

companies to set up shop in member states. This is being implemented as far as private sector construction work is concerned.

A further vital area is that of aligning technical standards with those of the Six. The sectors identified for this are basically product standards, performance standards, testing and certification and codes of practice. In many cases there is still no general Common Market standard, there often being different practices in the northern tier of states to those obtaining in France and Italy. Generally, as with the case of building regulations, Britain's practice is closer to the German and Northern European custom than to that of the "Latins."

Equipment market

It is impossible to be dogmatic on the question of the impact of EEC membership on costs. The removal of tariffs would have some impact. The U.K. market for construction equipment is about £130m. a year, some £30m. being supplied from overseas. At the same time the U.K. sells equipment worth about £120m. abroad. The U.S. and the EEC countries supply the bulk

of Britain's imports, and EEC well prove the most sensible entry would free imports from the enlarged Community from tariffs ranging from 9 per cent to 22 per cent.

Most of the industry's raw materials are obtained at home. Copper imports would attract no tariff under the Common External Tariff while Canadian timber would be subject to a tariff of between 5 and 6 per cent. The higher costs of this timber is likely to be offset by special terms being agreed with Scandinavian suppliers.

It is clear from the above that the real disincentives to exporting in the construction field are non-tariff barriers like regulations, capital restrictions, labour practices, taxation arrangements (we are to get VAT irrespective of our Common Market entry) and restrictions on foreign tendering. But the enlargement of the home market, and the added competition from foreign companies in this country (although

competition is generally so tight here that overseas companies have very limited ambitions) may well encourage the trend towards greater concentration in the industry and continuous flows of work would occupy established managerial and design teams. Joint operations with Continental companies may offers.

entry would free imports from the enlarged Community from tariffs ranging from 9 per cent to 22 per cent.

In the building materials area it is generally assumed that specialised products should be the main beneficiaries from entry, though it should be noted that in certain fields—roof tiles in Germany—the U.K. already occupies a dominant position. The U.K. materials industry is dominated by near-monopoly concerns with limited expansion prospects in the U.K. and these may well find expansion in Europe indicated.

The building and construction industry is like a centipede with a hundred legs. Its activities range from ceramic tiles and the manufacture of manhole covers to building multi-storey flats and airport runways. Some of the legs are going to end up with aching muscles, and some of the feet will be trodden on. But the centipede will, eventually, find that it can stand on its strong legs.

Europe looks from the distance like a jungle of red tape. But it is there and we are going to be part of it. The building industry is canny enough to face the problems of Europe, and anxious enough to see a restoration of buoyant times to the opportunities it offers.

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Difficult period for plant hirers

DAVID WALKER

Britain's plant hire industry plays a degree of confidence which seems at first to be quite related to its recent history. Its likely immediate future, however, has been difficult; the latter is at best uncertain.

The problems of the past or so stem largely from the closeness of the industry's ties with the building industry. Some 80 per cent of the plant hire industry's turnover is accounted for by building and construction contracts.

To begin with, the downturn building and construction, if anything, helped the plant hire industry. For such movement acts as a boost to building contractors to hire rather than buy. As Mr. A. S. Scott, managing director of Cardiff, pointed out at the recent annual conference of the Contractor Plant Association, the effect of releasing builders' capital normally tied up in equipment, reducing their bank borrowing, and saving more working capital.

us, 1969, one of the most difficult uncertain years for the time till then for the industry, particularly building and construction, a record year for the plant hire sector.

Within the industry's growth—its rate of improvement of around 25 per cent a year from the £15m. turnover figure of 1961 is one of the fastest for any sector of industry—grounds for problems were already being laid.

By the end of the 1960s, the squeeze was affecting the number of new entries to the business, and keeping competition within it severe. More important, the boom experienced most companies in 1969 led to a large amount of further investment in equipment. Thanks to the subsequent downturn in building construction demand, is now under-utilised.

Hire purchase

In addition, the cutback in building led to some construction companies entering the plant-hire field. Hiring out equipment for the time, at the moment, they had to use on their own projects. Particular, smaller builders, and, still to a lesser extent, do not buy plant on hire but lease, use it for a few months each year themselves, then hire out to others for the remainder of the time at a price which did little more than cover the HP repayments.

itself and the range and variety of plant it is able to offer. Hirers are currently being urged by the Contractors Plant Association to put rates up, and an average increase of at least 25 per cent has been named as the minimum realistic advance. Only through that, Mr. Scott pointed out at the CPA conference, can the industry prosper and continue to provide first-class service to its clients.

Bad debts

The recession in building, too, has led to an even more alarming level of bad debts faced by the industry. Hirers have been suffering from delayed payments by builders badly hit by the inevitable effects of the downturn on their own cash flow positions and from the forcing out of business of small builders.

Quite apart from the industry's recent problem as a result of the economic situation, it has also been facing more longstanding difficulties. Relationships with manufacturers of construction equipment are sometimes bad, even though hirers form the manufacturers' largest single market sector. Complaints about breakdowns in expensive equipment and difficulties over obtaining spare parts are comparatively common.

The industry also suffers from particular training difficulties, with an urgent need for skilled construction equipment operators and service personnel. Despite a great deal of work by the Construction Industry Training Board, including the formation of an operators' training school, the very newness of the plant hire industry means that many of the companies in it lack any proper training structure.

That problem is aggravated by the fragmentation of the industry into many hundred operating units. The large number of mergers in recent years, combined with the rapid growth of plant hire generally, mean that many companies have outgrown their local origins to become operators on a national basis.

But the average plant hire company is estimated to employ only 35 people and achieve a turnover of under £100,000 a year operating on a strictly local basis. These small, locally based concerns are still the backbone of the industry. Alone, they have neither the finances nor the manpower to offer proper training in the use of what, in many instances, are now highly sophisticated pieces of equipment.

At the same time, the industry's fragmentation also brings problems of investment. When a large crane can cost over £200,000, small units are seldom large enough to afford the modern advanced plant increasingly demanded by builders. That has been another factor in the rate of mergers within the industry, and has led to certain

forecasts that within four or five years, only a dozen large hirers will be left operating across the whole field of equipment.

At the same time, no one yet predicts the complete demise of the small hirer. There seems little doubt that he will continue to be the industry's backbone for a long time to come, supplying plant for short periods and filling the gaps left by large specialist hirers providing high capacity special purpose machines. Meanwhile, the whole question of structure remains yet another problem for the industry to solve.

Other difficulties facing it arise from questions of transport and insurance. With equipment becoming bigger, transport costs are rising appreciably, pushed up too by the testing and plating regulations and other legislation which has made vehicle upkeep more expensive even if it has made heavy vehicles a good deal safer. Yet clients of the industry often expect transport of plant to be provided free or at near nominal rates.

Here, adjustments between the hirers and their customers are essential if the much-needed reasonable returns on investment capital are to be achieved. The situation is similar as far as insurance is concerned. Present practice varies from hirer to hirer and customer to customer, and it has been suggested from time to time that some plant may be occasionally inadequately insured in respect of any accidents which may occur from its use.

Yet, despite all this, the industry's general confidence remains unshaken. The upturn in building activity which there now seems no doubt, is under way will, of course, help it considerably even though a return to prosperity in construction could remove some of the incentives for builders to rent plant rather than buy.

Essential part

But plant hire has established itself as an essential part of construction in the U.K. in a way virtually unknown overseas save in the U.S. That that could change is unthinkable, both inside the industry and outside it. And this is much of the basis for the hirers' confidence in the face of the difficulties they know they have to overcome and the changes they are in the process of making.

On a more practical level, hirers have already, indirectly, been aided by the Government. The change from investment grants to a system of profit-orientated allowances has ended the discrimination whereby builders in development areas received a 40 per cent grant on plant they bought and one of only 20 per cent on equipment they hired. Now, buying and hiring have been put on a par, meaning that some further movement toward plant hire in the relevant regions is certain.

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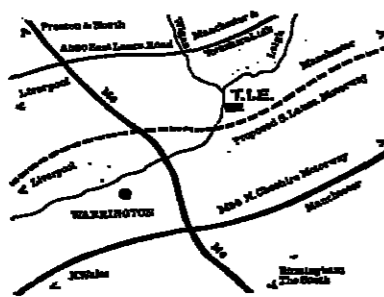
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BUILDING VIII

Maintenance rethinking needed

By FED SCHOETERS

"In maintenance, the Committee has found that information and communication problems occur in every part of the subject." . . . No better comment on the whole problem could possibly be found than these words from the Secretary of the Interdepartmental Committee on Building Maintenance, Mr. V. Noble.

Describing the work of this six-year-old group to a recent symposium, Mr. Noble said that its final report should be in the hands of the building industry shortly. That it will be a most comprehensive study is borne out by his résumé of the areas into which it has had to delve—economics of maintenance and the effects of taxation; the place of maintenance on the country's 17m. dwellings in the national economy; the law as it stands with its inconsistencies in the protection of the buyer or tenant; foreign laws and regulations; and so on.

He posed the question—as his committee will do in its report—whether it is not obviously better to regulate maintenance as Britain's two major Common Market partners already have done; Germany directly by a set of laws and France through insurance. But in the months before such rules or

laws can come into force there is a continuing need for knowledge on the part of designers and builders, as well as of local authority surveyors and of maintenance officials.

Part of this need has already been met by the Committee through the establishment of the Building Maintenance Cost Information Service. Nevertheless, there still is a daunting amount of work to be done on general communications as Mr. Noble's statement shows only too clearly. He sees the active parties in the designer, builder, owner, maintenance man complex as overwhelmed by the great flood of new materials and new techniques now available to them and, while commending the work of the Building Research Station and Agreement Board, clearly believes the message is not getting through to the points where trouble through lack of up-to-date information will start.

Central points

Suggestions are for more widely spread testing and advisory services—perhaps operated by the new large local authorities—relying on BRS and Agreement as their central points of reference.

Again Mr. Noble puts his finger on a trouble spot by a reference to the organisation of

small building firms with their ad hoc accounting and often unsatisfactory behaviour when it comes to carrying out work "promised" to house and other property owners. The suggestion here is for a handbook for the smaller builder who wishes to improve his efficiency. This would be published by the National Economic Development Office.

Thus in two key areas—technical information and advice to the hordes of small building firms—there would be more precept and advice than ever before. But with the present acute shortage of reliable maintenance men, outside the areas of high employment, precept is not enough and it is indeed a waste of time and money to set up new information services—there already are 500 organisations dealing with construction information—so long as the fly-by-nights can cock a snook at decent workmanship and leave homeowners or tenants with a botched job, facing the alternatives of the high cost of making good or the lengthy and expensive process of recourse to law, as it stands.

Sharper and longer teeth in the law soon would awaken a "need-to-know" in the minds of offenders. A more specific approach to maintenance problems under headings containing that word by the research and

testing authorities would also help. It is surprising that although perhaps half the subjects covered in the BRS programme for 1971 actually touch on maintenance in one way or another, only one title actually contains this word.

Most recent available figures on national expenditure for repairs and maintenance are for 1969 and put the total at £1,865m. compared with a total property replacement cost at that year's prices of £104,000m.

Maintenance is thus absorbing a large proportion of the building industry's efforts and any action that can be taken to reduce the proportion of £125 per square metre on maintenance, against up to £75 per square metre for construction will be well worth while. It is true that the average age of property is between 30-40 years, but there does not seem to be any levelling-off in charges as structures age so that a radical re-think of the whole approach to the problem appears to be necessary.

Design quirks

It is high time that men trained to look for trouble—the maintenance managers—should be brought in at the start of any project and not when a building is handed over. Advice from men who have experience

of some of the quirks of designers and architects would preserve the latter from mistakes which, in the future life of their product, would save owners from heavy costs, even if initial charges for the structure were somewhat higher.

But involvement of the designer with an activity such as maintenance (the two have normally been poles apart) means that the contractor also will become involved and, indeed, some of the big contracting organisations are turning to maintenance as part of the service.

This is feasible and excellent where there are large groups of houses and/or property to look after. But it is hard to see how it can apply to older properties built by small firms many of which disappeared during the war. It does not take into account the practice, copied from the U.S. of built-in obsolescence on some speculative building sites.

One solution would be a form of contract containing a guarantee by the contractor on the performance of the building in the first several years of its life—or extending the original contract to cover maintenance in this period.

Suggestions have been put forward of copying American practice and even extending it by encouraging big cleaning contractors to undertake minor repairs—to electrical services, glazing, plumbing and so on as part of the overall job.

This again does not help the private owner and if, as the present Administration intends, more and more homes pass into private ownership the paradox of an urgent need for common sponsorship of building maintenance enterprises on a street-by-street basis will become even more apparent if the Englishman's home is to continue to be his castle rather than his slum.

New era for standards

By ROHN HOPPER, British Standards Institution

November 26 is likely to be one of the most important days in the history of the construction industry in this country. On that day, at a conference connected with the International Building Exhibition, the British Standards Institution and the Modular Society will present the case for "Performance Standards."

It is no exaggeration to say that performance standards (or specification by performance) is the new, and perhaps the most important, step the building industry will take towards rationalising the construction process—equally as important as the change to metric and the disciplines for co-ordinating dimensions.

In its position as the country's largest single industrial unit, the efficiency of the construction industry has an undoubted bearing on Britain's economy. Dimensional co-ordination rationalised system building into an industrial process, so that all manufactured components for a given purpose would fit into any building design, and could be mass-produced and made cost-effective. Performance standards adds to the scope of this advance by defining the performance or user requirements and leaving open the choice of product design and the material from which the product is manufactured.

They describe simply the contemporary approach to elevate the reconstruction process by improved building design in the first place, and—down the line—design and manufacture of components and site assembly. The aim is to meet more

closely user requirements, and they are having a profound effect on the whole pattern of building as we know it today.

At the heart of the philosophy of the performance approach in standards stands the ability of users to state what their requirements are in scientific and technological terms. If this is done the designer, specifier, contractor and manufacturer will be able to be precise about how to meet these requirements and will, at the same time, be unfettered in their choice of design, materials, products, etc. It will enable the levels of requirements to be recognised in relation to the use of the building rather than unguided selection directly from a manufacturer's catalogue.

Internationally, the U.K. has considerable influence at present, largely through trend-setting in dimensional co-ordination. This offers (through the International Organisation for Standardisation) an opportunity to restructure our technology and standards and check to ensure their compatibility with fast-developing technologies of other countries, especially those of Western Europe.

Definite trend

BSI, the Building Research Station, the Agreement Board, various Government departments and leading manufacturing trade associations, have been actively considering the performance approach. Performance specifications are a definite trend (indeed BSI has already produced performance requirements for windows). The need now, to prevent the

chaos of fragmentation, is for the discipline of a rational and harmonised approach through standards publication.

How does the performance standard differ from the traditional product and test standard, or code of practice?

Behind the question is the need to look at the performance of a building as a whole—not just as a series of dimensionally co-ordinated assemblies of components and materials, but as a total functional unit satisfying the user's requirements. Natural environmental factors should be resisted with the maximum efficiency and durability possible, recoupling user needs with the forces of nature and pollution to give nationally acknowledged and satisfactory buildings solutions.

The answer lies in the word "performance." The present categories of standards, while covering much of the construction process and regulations, must, in some respects, be inhibiting, because they are tailored to traditional situations. Performance standards, on the other hand, are nationally agreed specifications drafted in the full knowledge of the requirement of the building as a whole and related to the specific requirements of each functional part, but leaving a great deal of freedom in design and materials.

This is not to say that the present system of standardising the end product has not been comparatively successful. The wider use of standard specifications throughout industry, and the application by purchasing and contracting agencies, are sufficient indication that the system works, by and large.

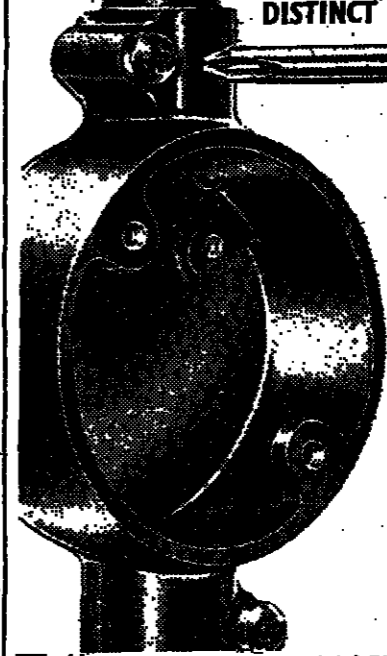
But, clearly, in an industry subject to very few published disciplines, progress will come through the efforts of individual designers/specifiers and contractors working together from the inception of a project to reduce costs by taking advantage of all that the latest technology has to offer. By their very nature, performance standards will make this possible by defining the level of performance required regardless of the individual characteristics of the products which achieve them.

Interim report

Last year, the Building Divisional Council and the Council for Codes of Practice of BSI authorised an investigation into the implementation of the performance approach through standardisation. The panel, led by Professor Jack Napper, Emeritus Professor of Architecture, Newcastle School of Architecture, have just submitted their interim report, which has been accepted by the Council. Before continuing the second stage of studies, the panel felt that it was necessary, having examined the prospect of performance specifications in British Standard publications, analysed their advantages, and pointed to their complexity, to seek constructive comment, reasoned opinion and authoritative advice from industry by presenting some of the implications of performance thinking in specification and standards writing. A document asking for industry's participation will be widely distributed after this article has appeared.

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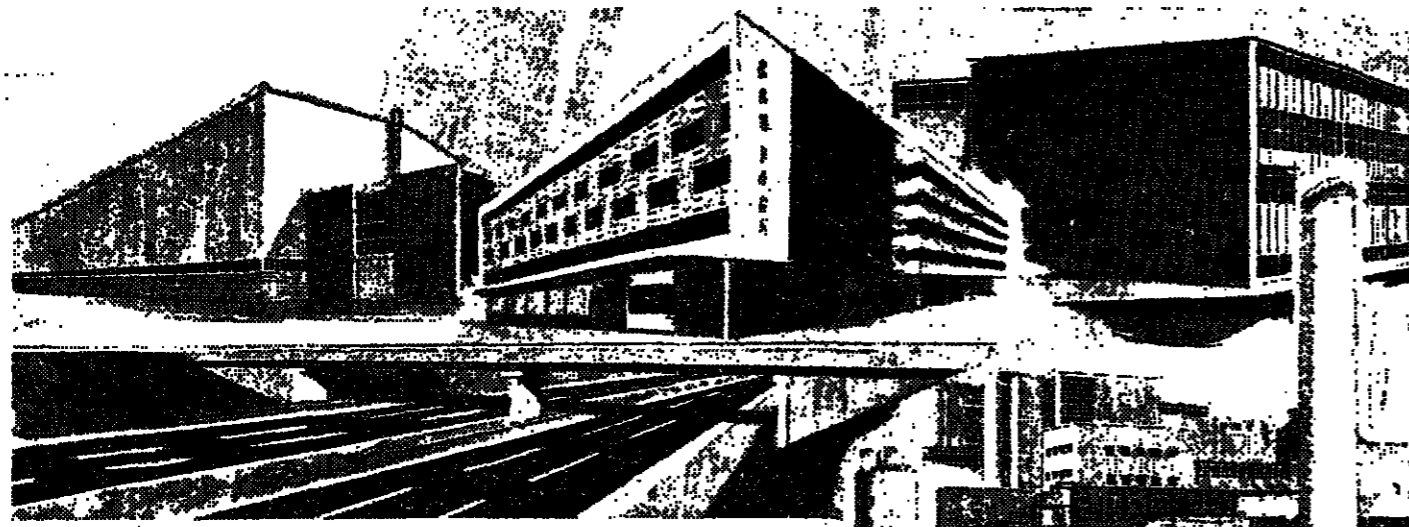
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BUILDING IX

Wide scope in research

by J. B. DICK, Director, Building Research Station.

The Building Research Station at Garston, Herts, centre for research for the construction industry, is celebrating its 50th birthday this year. To-day, with projects on its £2m. a year research programme and a staff of 800, the station represents a contrast to its stark beginnings in 1921. Then work was done with a staff of less than a dozen, research work was used in disused army hutting East Acton and research expenditure in the first year was less than £5,000. These simple beginnings were the start of a research programme, not only the U.K. but in the world and a formidable task facing the research staff was to "put science into building."

In 1925 the station moved to present home at Garston, near Watford, and began the building of a research centre which has become the model for construction research establishments all over the world.

War problems

One of the main developments BRS in the 50 years since its inception has been in the range of subjects dealt with. At first it was concerned with materials and especially their properties and their performance in use. Very soon began on structural strength and on heating, ventilation, lighting and acoustics. In 1945 war brought its problems — civil defence research, repair of damaged buildings and use of substitute materials.

After the war, expansion recommenced with particular emphasis on environmental studies. In 1950 came the transfer of BRS to the work on user requirements, mechanical plant operations and economics in the then Ministry of Works. The need to help colonial territories with their building problems led to the blishment of BRS Overseas Division which now has the brief to help make the station's work available to any country receiving British development aid.

The BRS Urban Planning Division was set up in 1966 so the station could extend its work in this field and specifically undertake work for the local planner.

In 1970 the Building Research Advisory Service was set up to advise on all construction problems within the construction industry and used extensively, particularly in the field of the

longer type of special investigation involving research for a client.

In parallel with this widening range, the work has also developed in other ways. In common with many other research institutes, there has been a long-term increase in the sophistication of the laboratory equipment and the experimental facilities on the station. The purchase of an electron microscope and probe, the installation of a computer, the provision of facilities such as anechoic and reverberant chambers and the special laboratory for research on structures, all imply higher capital investment per member of the research staff. There have also been changes in the scope of the subjects to be tackled. At first it was mainly materials which were studied, then components and then assemblies and complete buildings. Similarly the bulk of the early work was done in the laboratory, but an increasing amount of work has been done on mock-ups, on completed buildings, on building sites and social surveys of user experience and behaviour.

The station in recent years has also undertaken a certain amount of development for the commercial use of this technique has been granted by the National Research Development Corporation to Go-Con Concrete Limited, a company set up specifically to promote the process and backed by several powerful industrial groups.

Glass fibre

Alkali resistant glass fibres for use as reinforcement in ordinary Portland cement were developed by the Building Research Station and are now being produced on a pilot scale by Pilkington Brothers Limited, who are collaborating in this research. Work is proceeding at the station on the development of production technique



The BRS structure laboratory where a pre-cast concrete system is being tested.

for glass reinforced cement composites and components that best utilize and demonstrate the properties of this new material.

Glass reinforced gypsum plaster was used as a mock-up material during the development of fabrication techniques for glass reinforced cement at BRS. It was soon found that this composite—made from commercially available E glass fibre and hemihydrate gypsum plaster—was in itself a versatile new structural material with excellent fire resistance and good tensile and flexural strength. Components were designed to demonstrate the material's properties, including a school partition system.

In 50 years the Building Research Station has carried out

thousands of research projects, many of which have had far reaching effects on construction technology and thus entered the lives of millions of people. The station is primarily an applied research institute; its research is undertaken with application in mind, the final aim being to effect change in practice and not simply to pursue knowledge for its own sake. Essentially the selection of research projects the station adopts a cost/benefit approach to choose between alternative proposals. The estimation of the cost/benefit ratio of a research proposal is not yet an exact science, but there is no doubt that the approach can lead to better decisions: a more conscious assessment of the character and

scale of the probable benefit certainly represents a valuable step forward.

The broad outline of the station's work, now and in the future, is decided by four objectives: improvement of the environment within and around buildings, including the study of re-using waste materials; helping public clients to get value for money in construction work and improving wherever possible the efficiency of the construction industry; provision of independent scientific advice, free from sectional interests, on the requirements of regulations, codes and standards; and the improvement of forecasting techniques to help towards optimum use of resources by the industry.

Advances in computer use

By TED SCHOETERS

If all things were perfect in this imperfect society, it would now be possible for every architect or quantity surveyor, indeed anyone involved in a building or civil engineering project, to make his contribution in such a way as to dovetail dynamically into a computer control system.

With minimum paperwork and nothing more than a set of routines ostensibly having little or nothing to do with computer processes, each discipline would contribute to the formation of the complete concept and the model thus built up would be designed to have its various parts react internally in obedience to pre-established rules, producing information and questions vital to the various participants.

The ultimate could be an instruction centre or centres at the site where information controlling the work would be displayed and where details of progress would be fed in—

eliminating for ever the consultation of plans and blueprints. Each step would fit into a streamlined progression with waste of time and duplication of effort a thing of the past since routines such as materials and plant ordering at the correct time, payroll handling and so on would flow automatically from the standard information fed in during the previous contract stages and the basic control programmes.

Reality is far from this ideal. Official efforts to achieve some measure of standardisation in certain areas of operations, in progress since 1957, are only now starting to show some results, and all the time expensive programming work is being done to solve problems—analysis of structures, for instance—which have already been solved not just twice over but perhaps 20 times.

Industry reaction

Partly due to the diversity of computers in the 50 or so large installations employed by the construction industry and partly to the old Anglo-Saxon "NIH" (not invented here) reaction, this situation must be resolved in time as economic pressures in the country and within the industry continue to build up. But it is surprising how many computer people still are ready and willing to reinvent the wheel in the secure knowledge that senior management will not recognise this operation for what it is.

Meanwhile, under the aegis of the Department of the Environment, Loughborough University and the National Building Agency are promoting the standardisation at different levels: from outside the field, the Department of Health and Social Security has put considerable effort into "CUBITX," a bold attempt to cut paperwork on hospital projects to negligible proportions by handing over documentation to computers.

Foundation stone for this work is the Department's manufacturer data base—indeed, the most complex part of all these moves towards standardisation would appear to be getting all those involved in any given area to agree on definitions and on coding for the hundreds of thousands of manufactures and equipments they handle in the course of their operations. Several committees have been dragging out decisions on what admittedly is an important area—for far too long in view of the difficulty of general progress without this basic agreement.

In the commercial world one name immediately springs to mind—that of the Barbour Group, whose promoters for several years have been pursuing the difficult task of setting up a complete library of published data on building products and components, with the proviso that the library must be available for consultation at electronic speeds. This is being achieved by computerising the file of information which now contains 20,000 individual publications representing over 200,000 pages of detail and held on a computer. Barbour has decided on analytical presentation of data and has made compilations of information on sanitary fittings and bricks so that an inquirer specifying needs could be given a list of products most closely fitting them. But this does not solve the illustration problem and the company is working with Portsmouth School of Architecture on compilation of guides in the form of a visual index.

But to return to Loughborough, which has been made the centre for a most important civil engineering service the Department of Health and Social Security has put considerable effort into "CUBITX," a bold attempt to cut paperwork on hospital projects to negligible proportions by handing over documentation to computers.

Computers by writing a library of routines capable of analysing various types of bridges or road layouts in a generalised form. But the library would contain a master program which would provide the linking software enabling the routines to run on a particular computer.

Overseas selling

Work has advanced so far that a number of routines are already available for use at the centre on an ICL 1904A or through the SIA bureau's CDC 6600 in London and are being made available for operation on the many IBM 360 computers in use in the country.

Dr. R. J. Allwood, who heads the centre, has aroused great interest in the development across the Atlantic, where recent adversity in the computer world has provoked an awareness of the need not to waste any of the man-hours of expert time a complex program suite demands. Program interchangeability is the new watchword and Genesys is one key to this economy. The centre is thus involved in a vigorous overseas selling campaign both for the system and for the programs in its various sections. But the final success of the idea inevitably must come from the support made available from domestic industry itself.

Dr. Allwood told the Financial Times that so far as he knew, this attempt to make available such an extensive suite of working programmes, independent of machines and manufacturers' software, was unique. This probably explained the degree of interest in America, which could hardly be considered backward in applying computers.

One year old is a generalised management information and control system designed for application to construction projects by the National Building Agency. Normally it would be used to evaluate and review the building operation through

a computer bureau but it can be used by organisations with their own machines.

"COMPACT" is intended to absolve the user from the tedious and expensive job of planning his own PERT system. Input of information is on standard forms. In return planners and site managers receive a wealth of detail on timing, costs, labour, plant and materials required and so on. Periodic reviews made automatically in course of construction single out areas where management needs to act to keep progress and costs in line with estimates.

The most important aspect of this system is the schedules it produces to tell management when designs should be sent in by architects and engineers and when materials should be ordered and delivered. It is probably a common feature of most systems like COMPACT but the important point is that NEA has done a comprehensive job and that the work is widely applicable. There is, again, no need to reinvent the wheel.

Much more ambitious is CUBITX, best described as a systems analysis approach to the vast problem of the Department of Health and Social Services in building the specialised facilities it needs all over the country with speed and economy. Computing is intimately involved with the application of this approach and it has been used on many occasions now to control hospital construction.

In the world of industry, several computing operations which were first set up to support construction or planning activities within a group have "gone public," so to speak and are offering services as bureaux. Routines developed to suit the industry's particular problems are widely available and with the trend among computer owners towards greater reliance on the specialist in a given area rather than doing all the work in-house on inadequate equipment the future for specialised services seems assured.

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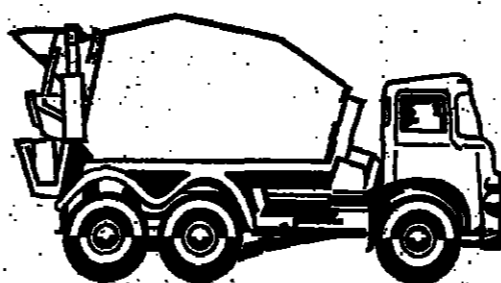
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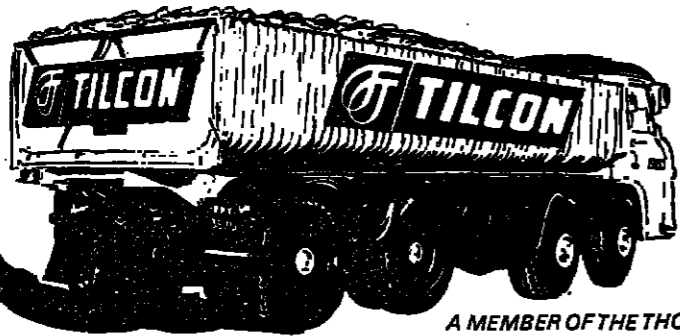
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BUILDING X

Definite trend towards negotiated contracts

By F. E. GOSTLING, Chairman, Contracts Committee, National Federation of Building Trades Employers

In May, 1967, the Building EDC issued a report entitled "Action on Banwell" designed to examine how far the recommendations of the Banwell Committee on the Placing and Management of Contracts for Building and Civil Engineering Work had been implemented and, where appropriate, to make further recommendations.

Paragraph three of this report, "Appointing the Contractor," made it quite clear that there was a definite trend towards negotiated contracts in public building and the Building EDC Committee firmly advocated this form of selection and recommended "that Central Government departments continue to urge the use of negotiated contracts on local authorities, especially for larger schemes." Indeed, at this time, with the active encouragement of Central Government, mainly through its National Building Agency, an increasing interest in, and use of, industrialised building and rationalised systems was opening up still further the possibilities of negotiation and a greater participation by the contractor in the design process.

Public sector

The EDC Committee had, of course, obtained its statistics from work carried out in the public sector. Clearly, it is impossible to ascertain exactly how the private sector places and manages its building work. However, the manner in which Government and public bodies conduct their affairs has great influence on those who operate outside these institutions, and private corporations and individuals, having far greater freedom of action, tend to move far more quickly once a trend has been set. That the trend has been set is made clear by the numbers of contractors of all sizes quite prepared to enter into negotiation, fully realising that their ideas and methods have to make a real and meaningful contribution not only during the construction process but at the design stage also.

It is for this reason that some contractors devote a substantial part of their organisation to the promotion and development of negotiation, to some participation in design and to costing so that the full use of techniques and systems sponsored by them, and the experience gained by these specialist departments, can effectively contribute to worthwhile savings in time and cost—all this within the traditional arrangements whereby the building owner's professional advisers control the operations and arrange for the co-ordination of the many activities involved.

In some situations the contractor could be providing a large part of the design function in the form of a system where the production units are manufactured off-site, or where equipment has been produced to provide standard modules or components for on-site production, or where the building process has been rationalised to fit in with the easy assembly of standardised units manufactured under the direction of the company operating the system.

Most building contracts readily lend themselves to negotiation, particularly those where the nature of the work is such that very careful selection of a contractor is vital to the successful outcome of the project. In such cases there may be one or many key factors to be taken into account, such as speed in execution, the size of the scheme, the complexity of the operations envisaged, the highly specialised nature of the work, the location, and the risks involved, to name but a few. The need to save time is usually the principal factor in a decision to negotiate. A manufacturing company with an over-full order book needs new build-

ings quickly, a developer with an expensive and valuable site wants his investment to produce revenue as soon as possible, a local authority with a large and urgent housing programme; these are typical situations in which time is an important factor to the client.

Pre-contract time

The period between the client transmitting to the designer what he thinks his building needs are, and the actual start of building operations on site is known as pre-contract time. On some projects this period can be as long and sometimes longer than that needed to construct the building; analysing the client's requirements, carrying out site surveys, obtaining town planning approvals, Office Development Permits, or Industrial Development Certificates, conducting negotiations with adjoining owners, observing traffic requirements—these are only some of the matters to be dealt with. All take up valuable time.

It will be seen therefore that a commercial or industrial building owner in urgent need of accommodation, and/or having acquired an expensive site and faced with such daunting prospects such as those I have outlined will press his professional advisers to shorten this expensive pre-contract time by every conceivable means.

Pre-contract time is not only expensive in the direct terms of general expenditure, fees, interest charges, the loss of revenue or revenue potential, but also in the indirect terms of the cost of inflation. Quantity surveyors and others responsible for cost evaluation and cost control of building projects are acutely aware of the effects of increased costs due to inflationary pres-

ures and the problems that arise in making adequate allowances in any feasibility study.

The early appointment of a contractor can have many advantages—the early involvement of the men who will control the production of the building leads to familiarisation with the project and the "feel" of it; the team becomes used to working together before operations start. The contractor, being concerned with production in terms of time and cost, is often keenly aware of the problems thrown up by a particular location and project, and because of previous experiences, is often in a position to make positive and valuable contributions at the pre-contract stage: by having already available the necessary machinery, equipment and the "know-how," and by being able to offer advice on the relative values of various methods of construction. As most modern buildings are complex in that mechanical and engineering elements—heating, ventilating, electrical, lifts—represent a substantial part of the whole, it will be seen that there is not only need, but a distinct advantage in the contractor's early involvement and participation in decision taking.

Local firms

Often a contractor is selected for negotiation because he is well-known to the professional advisers or to the client, or to both, and this forms the basis of many satisfactory relationships among the very small local firms as well as among medium-sized firms and large national contractors. In some cases a contractor, whether large or small, may provide a highly specialised service or category of skills, and here as for its clients.

selection can be almost automatic.

For some building owners competition by price is an essential part of their purchasing and tendering arrangements, and of course there are clients who feel that they would be failing in their duty to those whom they represent, unless they tested the market, and that negotiation with one contractor is unacceptable. It is for this reason that the system known as "two-stage tendering" is being increasingly used as a means of early selection by competition. The first stage of this method is for the professional advisers to invite a limited number of contractors who they consider are best equipped in terms of size, management and technical ability to carry out the work to tender on bills of approximate quantities, notional bills or schedules of rates that are applicable to the project in hand. With the result of this preliminary or first stage resolved, the professional advisers enter into negotiation on the second stage with the successful tenderer. By these means many operations can proceed in parallel, which not only saves time, but can result in a better building being handed over at the end.

The observation made in the Emerson Report of 1962: "no other important industry has the responsibility for design far removed from the responsibility for production" is a oversimplification of a complex problem. But if the early involvement of well-equipped and competent contractors along the lines I have described here can make this criticism less valid—as I believe it can—then so much the better for the industry as a whole as well as for its clients.

Firm price tendering a cause of bitterness

By MICHAEL CASSELL

The building industry is at something of a loss in knowing just what it can do next. Rarely has it launched such an intensive and prolonged campaign to alter a Government's way of thinking but with such little effect.

The centre of the controversy, lest there should remain anyone remotely connected with the industry who is not aware of the situation, is the firm price tendering policy which was introduced again in 1957 and obliges any builder to provide definite cost quotations on any public works contract expected to last for up to two years.

Arguments, from both sides, are quite straightforward and each party is equally convinced of the validity of its own case. The charges of the industry and the defence tactics of the Government have not been very well rehearsed in the last three years and in 1971 the campaign has certainly reached a climax. It has served to illustrate the industry's ability to shout as loudly as anyone if it feels it has a justified complaint, but at the same time has shown how even the most vociferous and persistent lobbying tactics can fail to spark Government action if that Government firmly believes the policy under attack is in the best interests of the nation.

Price rises

Inflation alone has brought the firm price tendering row to a head. The policy worked well until about 1968, when the prices of building materials began to rise sharply. The industry now claims that with price increases continuing at an unprecedented rate any Government directive which compels builders to estimate the pattern of costs over a two-year period is a nonsense. To cope with such a situation, they say, the contractor is forced to build into his tender a sum to take account of price increases which he can only attempt to predict.

As the president of the National Federation of Building Trades Employers said in one of his latest forthright attacks: "The only possible consequences, it appears to me, are either that contractors will refuse to tender at all on a two-year firm price basis or that they will simply load their prices unmercifully in order to take care of all possible cost eventualities."

The Government, which places Mr. Julian Amery, Minister for Housing and Construction, in the firing line, has been

of activity within the industry which has led to the acceptance of work under far from satisfactory conditions. As another compromise they have suggested price variation clauses, to allow for cost fluctuations on that part of a contract most susceptible to increases, but the overwhelming additional volume of administrative work such a decision would provide cannot be easily overlooked.

In September, the Federation of Master Builders laid down a challenge to the Government to provide the industry with an opportunity to test the contention that the policy was disinflationary.

It was suggested that a cross-section of contractors in the industry should be subject to the existing regulations while others would be free to operate a rise and fall clause. Comparison of the fortunes of the two groups would provide the answer one way or the other. The challenge has yet to be taken up.

So the industry has stated, via the NFBE, that it can no longer support the Government in this policy. It can now do little else for in directing members not to accept public work contracts, it would run foul of the Restrictive Practices Act.

All its considerable efforts date have had little effect although Mr. Amery has shown himself to be genuinely sympathetic to the builders' cause. His reluctance to change the situation, however, does mean that the construction industry will not be carrying with the fight.

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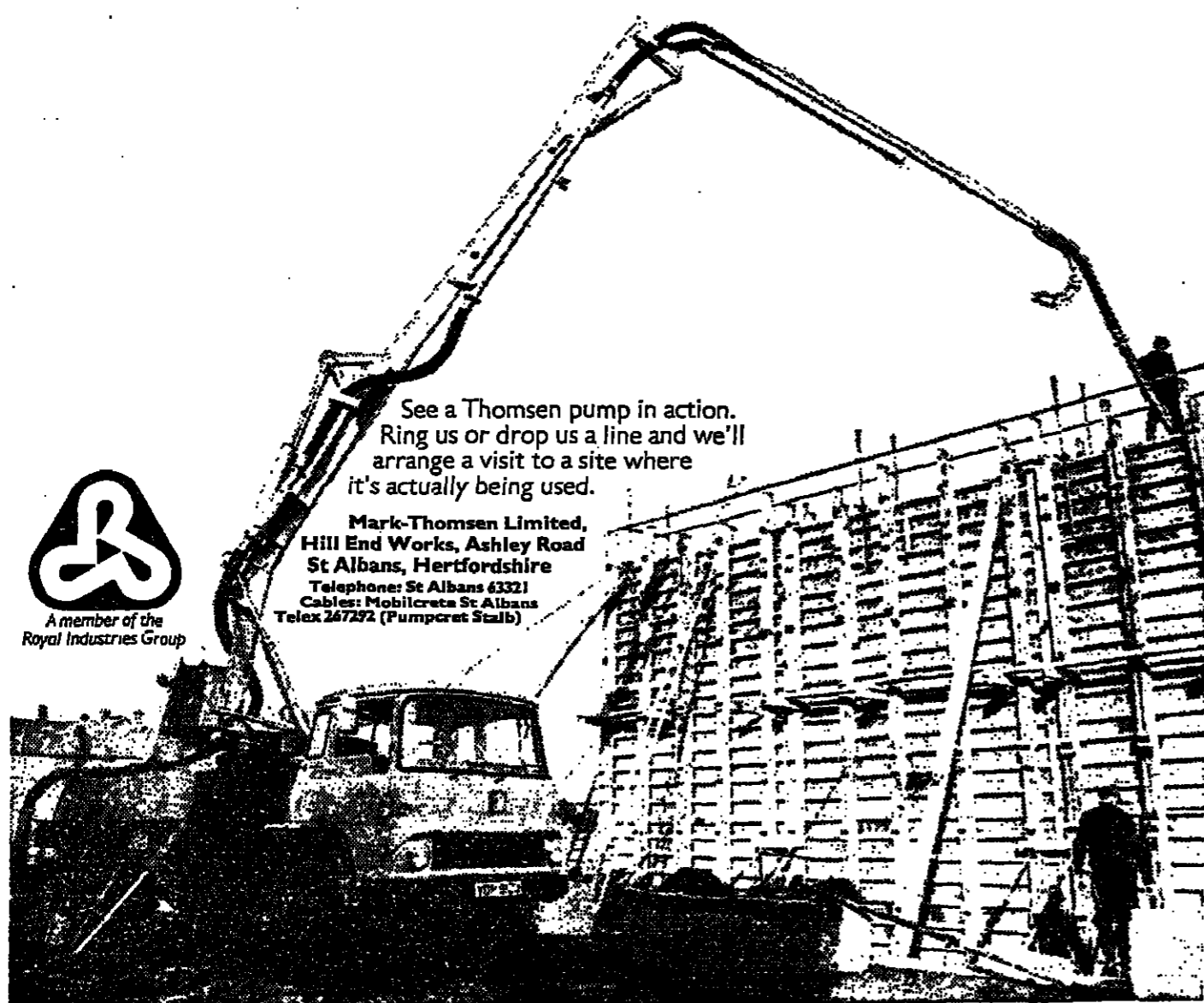
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BUILDING XI

Management methods and productivity

CLEEVE BARR, Managing Director, The National Building Agency

Looking at the industry as a whole, productivity is probably appallingly bad and this inevitably leads to low output and poor standards of workmanship. Some builders have shown what can be done to increase productivity but unfortunately they are still in the minority.

Bricklaying serves as a good example of how crude productivity increases can ignore real improvements that have occurred. In most surveyors' manuals the labour constants used for brickwork—which reflect productivity—have been unchanged for many years. In fact, one strongly suspects that no contemporary bricklayer ever attains the number of bricks laid per day in the last century.

"The Lump"

Official figures for the industry's labour force do not include "the Lump." This phrase describes the vast proportion of crafts- and labourers, who escape payment of SET and other deductions by offering their services as "self-employed". They are not usually regarded as bona fide subcontractors and many individuals are commonly alleged to be at least part of the time unemployed benefit claimants. The Phelps-Brown report in 1968 estimated "the Lump" at 165,000-200,000 men, which may well be a quarter million. Even allowing for large numbers of self-employed workers, productivity in the industry has increased at over 2 per cent per annum.

In this, however, begs a question of important questions: is the quality of work this is worthwhile from the point of view of the builder or the capital resources in an individual client depends, of course, on the importance to the owner of speed of completion, on the ratio of overheads to labour on the site, on how the developer is raising his money, on how and at what intervals the builder is being paid and so on.

The lower graph shows the relative increase in building labour costs compared with the costs of materials and indicates the results of a policy of too

easy reliance on financial incentives. It also shows the reason for the trend away from labour intensive methods and the development of systems which rely heavily on off-site manufacture of component parts.

Financial incentives for the operative—leaving aside the important social issues involved because there is simply no space in this article to discuss them—are, of course, simply one aspect of the proper use of resources (labour, materials, finance) by the builder and the building owner. This in turn points to the need for better co-ordination between designers and specifiers (architects and surveyors who are preparing the drawings and bills of quantities), the contractor who erects on site and the suppliers and sub-contractors who provide him with materials, components and specialist work. It also relates to the need for planning and managing the design and erection of a building project as a continuous operation.

New techniques

In the past four years this has given rise to great interest in the industry in new management techniques—critical path analysis, computers, resource analysis, and so on. Unfortunately these have all too often been either wrongly applied or introduced to organisations who have not had the basic management talent to absorb and use them properly.

The National Building Agency launched a year ago a very simple method of computerised programming and control technique called "Compact," which is having considerable success with smaller and medium-sized firms. Given a very elementary management structure, with responsibility for planning, buying, and job control allocated to adequate staff and directors, it permits the builder to plan and control simply and at a fraction of the cost of more sophisticated systems, as few, or as many, activities as are appropriate to a given size of job.

The National Building Agency had as its initial task some seven

years ago the appraisal and encouragement of new building systems in the housing field. Undoubtedly system-building in schools and hospitals as well as housing has contributed substantially to the general improvement in output per man with a peak around 1968. The passing of this peak however by no means indicates that systems are finished and that designers and builders are reverting to traditional construction. It means rather a better integration of new techniques with the use of traditional materials and the more sophisticated adaptation of system-building methods to traditional design.

In a recent study carried out by the NBA on some 30 local authority sites, it was clearly shown that system-building produced a significantly higher output from site labour than the generally accepted norms from traditional construction. The average number of man-hours

required per house on the

used methods using traditional

materials. One of the main

conclusions of the study—in regard

to achieving a higher output per

man—was the overwhelming

importance of better manage-

ment—regardless of the tech-

nology involved. In fact this

might be said to be the main

conclusion which derives from

all the studies and development

activities of the National Build-

ing Agency to date.

The systems involved could by

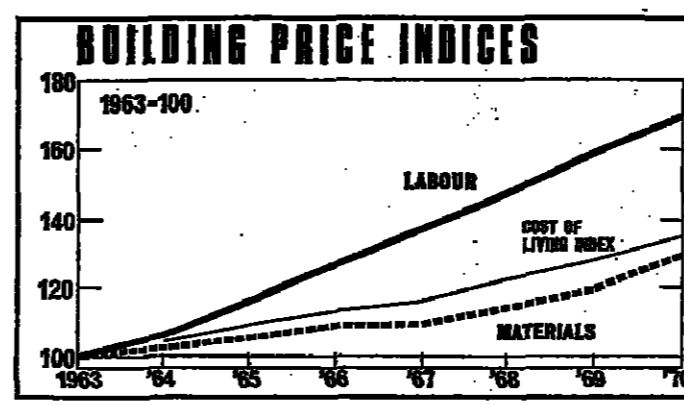
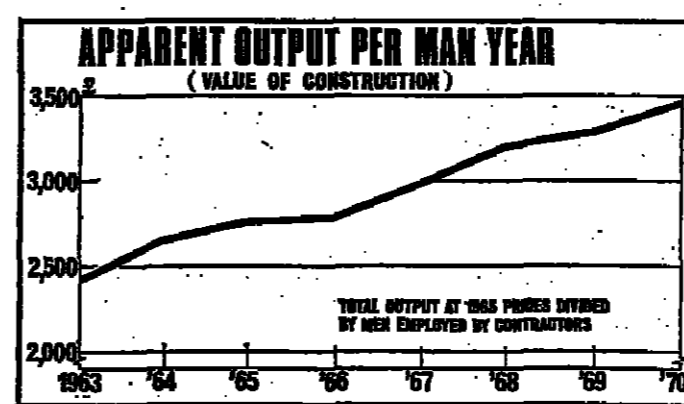
no means be regarded as using

advanced technology. They were

largely in fact semi-industrial-

craftsmen shaped a building

a large extent, the decision has



required per house on the used methods using traditional system-built sites was only half the national average for all local authority houses—1,140 as against 2,200 man hours. The average building time for the system houses was also only 30 weeks as against a national average of 53 weeks.

The systems involved could by no means be regarded as using advanced technology. They were largely in fact semi-industrial-

value for money and produce an appreciable saving in building costs by reducing the number of components required, by eliminating cutting to waste and by raising productivity, both in the factory and on site" (MoRLG Design Bulletin No. 16). It is stated that by providing interchangeability of components at the design stage it is intended to widen rather than reduce the choice of solutions open to the architect and the client.

But, as the British Standards Institution points out, architects who design now in imperial measures will produce buildings that will be obsolete as soon as they are completed because it will be well nigh impossible to maintain them once imperial dimensioned products are no longer manufactured. The National Federation of Builders and Plumbers Merchants estimates that in five to six years non-metric products will no longer be stocked, even for repair and maintenance requirements—a point which clients may like to keep in mind when discussing plans for future building work with their architects.

Basic sizes

The key British Standards for designing in metric have now all been published. The first was BS 4011 Basic sizes for building components and assemblies, in which the basic sizes are in descending order from a 300mm module. Within each category, such as windows, door frames, wall panels, floor slabs, etc., the resulting co-ordinated sizes should be the same in all materials, and where a number of components are assembled the overall sizes of the assembly should be in accordance with the basic sizes of BS4011.

The co-ordination of building dimensions was established with a series of standards which allow architects to design in co-ordinated metric dimensions and manufacturers of products to go a long way towards filling the need for metric components (BS 4606, PD 6445, PD 6446).

Part of the metric programme included production of a list of building products which enables anyone to identify components likely to be affected and the way in which they will be affected (PD 6432). Highest priority for metrication is given to rigid flat sheet materials such as asbestos board, block-board, expanded plastics and plywood and the British Standard that provides a co-ordinated range of sizes for them (BS 4606) is entirely new.

It is possible for architects to design substantially in co-ordinated metric dimensions now, even in the absence of some detail specifications. Meanwhile, the programme for full

metrication by 1973 is well under way and already two-thirds of building and civil engineering projects are being carried out to metric scale. In the public sector almost all new work will be in metric dimensions by the end of this year. But many builders and crafts- men in ancillary trades are asking when can we expect to be working with all metric materials?

The answer lies ultimately with the suppliers themselves—but it is essential to understand the progress which is being made in the preparation of detailed specifications by BSI. The revision part of the metrication programme, which started in 1969, included nearly 500 projects of which well over half should be completed by the end of this year. Most of the remainder are of low priority as far as substantial changes of size are concerned.

Already there are metric standards for the commonest building components and it is encouraging to record that apart from the notable exception of brick sizes there has so far been no diversion from the application of the basic building sizes. The metric standard for timber sizes, rigid flat sheet materials, steel reinforcement bars and bricks—all the staple diet of contractors—are available now. The standards for bricks (clay, calcium silicate and concrete) have been revised to rounded metric dimensions at the request of the brick industry although co-ordinated sizes are not ruled out of the specifications. It does seem a pity that the most basic of building skills should not benefit from dimensional co-ordination's main advantage—reduction of on-site trimming. Window heights (sill to top of window) are the main problem here, and in the public sector window heights have been adjusted to take account of the non co-ordinated brick size. Elsewhere bricklayers will have to rely, as always, on their own skill in filling areas with minimum waste.

Window standards

Recent work on co-ordinated dimensions which will ease the tasks of several trades is concerned with baths, sinks, PVC drain pipes, clay drain and sewer pipes, roof and wall tiles, roof slates and roof coverings of lead, copper and aluminium. Thermal insulation materials have been metric for some time. The metric standard for door sets is to be published shortly—so are those on aluminium and steel windows. A timber window standard should appear later in the year. The standard on co-ordinated dimensions for kitchen fittings is in its final stages and is related to international agreements with which BSI is intimately connected.

The opportunities of metrication

By TONY FRANCE

Years ago leaders in the building industry decided that the conglomeration of components they used, each available in a variety of dimensions

apparently chosen at the whim of the manufacturer, should be rationalised and reduced to a logical scheme. Building has

developed with dimensions directly related to man, architectural designs that are compatible and acceptable to his proportions, and components

that are convenient to his hand. This was fine when the pace of life was slower and individual

craftsmen shaped a building

a large extent, the decision has

and its parts, but it rapidly became intolerable when prefabrication was introduced, and everything had to fit together

on site without the expensive use of skilled craftsmen to redress errors.

This was the situation which stimulated what was called the basic module, a chosen dimension which in multiples or sub-

multiples would provide all the required sizes of every component in a logical progression.

Unfortunately, as an industry, no final agreement could be reached on what this basic

dimension should be. Now, to

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BUILDING XII

Need for closer human contact

By H. A. N. BROCKMAN, Architecture Correspondent

There is much trouble in the building industry just now. Although influenced by the present alarmingly disturbed state of society in general, where long suspected and unsuspected abuses are being uncovered and "establishment" in all senses of the term is being questioned, the industry has domestic problems which its supporters, critics and detractors are by no means at pains to hide.

A classic example of the breakdown in industrial relations was recently highlighted by a union official, quoted as saying that during the now notorious troubles at the Barbi-can, men had abused their trade union officials, there were difficulties in both design and construction and the contractor, moreover, found himself "in a nightmare situation." The company concerned, he added, had great difficulty in planning a job which led to bonus payments fluctuating between "1s. 6d. to 19s. 6d. an hour." He then spoke of sites in London where bonuses of £80 to £80 per week were being paid above the £20 basic wage, and of a recent advertisement for carpenters at £70 a week.

Frank opinions

All this was said at a conference organised by the Junior Liaison Organisation, representing architects, builders and engineers, which considers that "the apparent conflict in the interests of our industry and the society it serves needs to be under constant review." But other equally frank opinions were voiced during this stage of "review." A spokesman for the Department of the Environment pointed out the industry's achievements in the past 25 years, "vast, largely unsung, only remarked upon on the occasion of failure, and usually undertaken without assistance or subsidy." Mr. Peter Trench, deputy chairman of Y. J. Lovell (Holdings) Ltd., the doughty champion of the builder, felt that conscience alone should persuade clients not to point the finger of scorn, especially those who thought they could

Social conscience

Well there you are, history, as always, tending to repeat itself. In 1942, when Reith became the overlord of planning at the Ministry of Works, it was he who invited planning authorities to forget the law as it stood and to produce their plans as they would ideally wish them to be carried out. It was the London County Council which—without a rather sanctimonious reservation that, although produced by its own Chief Architect, J. H. Forshaw, with Sir Patrick Abercrombie, the Council completely dissociated itself from the philosophy of the plan contained—produced the County of London Plan, 1943. The extraordinarily human and visually promising proposals of that very fine document, produced during the most distressing period of the war, under a tremendous strain which led its creators to illness and even death, is now unrecognisable, but if ever a planning conception it did so in that work.

It is so often that Mr. Peter Trench brings us back to earth when social and aesthetic conscience tends to ignore practical considerations. Mr. Trench said there was "very little conscience in the building industry to-day and there is too much poor workmanship and design."

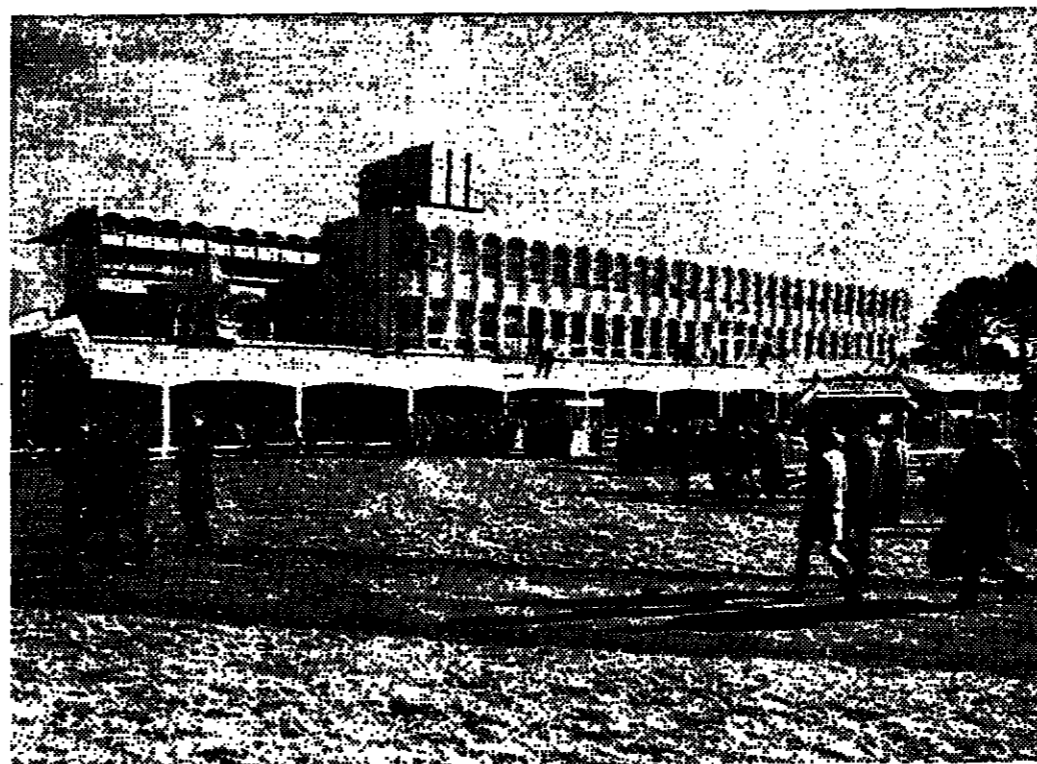
get a cheap deal by setting hungry builders at each other's throats. The architects' cudgels were wielded by Sir Hubert Bennett, lately Chief Architect at the GLC who is now director of Star (Holdings) Ltd. If we lacked a social conscience, he said, then we might as well give up, but he felt that the social conscience was itself being frustrated by restrictive legislation. There were other ways in which we could rebuild the environment but we accepted the straitjacket that existing legislation placed upon us. "I'd like to see," he said, "new towns being built without the existing town planning legislation or without the current financial regulations."

While prominent members of the industry can speak publicly as frankly as can the members of this valuable liaison organisation there is hope that at least people are beginning to appreciate where things are going us. It is true enough to say that there is no virtue in correcting one fault, abuse, or piece of ignorance, in isolation from the remainder of this complicated and fragmented but totally essential industry. In some ways it is the very fact of its essential character where-in lies its weakness, for the most apparent faults in something which is essential to existence can easily be tolerated where there is no other source to turn to for the product.

Design stage

One of the most fundamental needs of the client is "value for money." The test of getting this is surely an ultimate criterion of good design, organisation, workmanship and good will. This is particularly relevant at a time when new inventions, procedures and synthetic materials are constantly being revised and replaced. The eroding influence of "fragmentation" in the industry has been well underlined by the engineer Jan Bobrowski, whose articulate plea for greater integration at the design stage, between the appropriate professions and production firms, for the greater insistence on the production of relatively small manageable and efficiently jointed components, can ensure the maintenance of a human scale in the inevitable march of industrialisation. The brick, after all, is as old as building itself.

The need for far closer personal contacts between all members of the industry has never been greater.



The grandstand at Leopardstown Racecourse. The use of pre-cast H-frames as the main vertical structure produces an impressive and enforced elevation. Architects: Howard V. Cobb and Partners.

Mixed signs for the professions

By ALEX GORDON, President, Royal Institute of British Architects

One of the unique features of the building industry is the range of consultancy services involved in its operation. Rightly these services come under close scrutiny from clients, and I mean clients in the widest sense from those who are on the one hand responsible for financing a building, to those, on the other, who have to live or work in it or with it. The concerns of the former are in the last resort for a structure completed within specified cost and time limits which meets operational and investment expectations. The concerns of the latter group are directed increasingly towards external and internal quality. These two concerns need not be mutually exclusive—both parties are increasingly recognising the others' interests and the professions have often transmitted this dialogue. If, as seems likely, the concern for environmental quality is to become more marked in an era where growth for growth's sake and the politics for expediency are viewed with more

scepticism, the mediation of the professions between these vested interests will become even more crucial.

Building cycle

Construction demands massive resources and investment—national and private. What kinds of building process can best attempt to satisfy such disparate demands to meet often irreconcilable needs. The most immediate answer is to utilise fully the professions' contribution to all stages of the building cycle. However, one should be clear on just how their special skills can contribute most effectively. It seems apparent that apart from the professions' contribution as interpreter there is a need for the structure of consultant and building firms to mirror the scale and complexity of work available to them; the need for complete flexibility and adaptability to respond to client needs (in the wider sense I have described); the need for developing individual professional skills; the need for improved team working among the professions involved and acceptance at the highest level of adequate remuneration for the total design service on the principle that time spent at the investigation and design stages will result in a better end product at a lower cost.

It is interesting to note that the industry is in the main dealing with a mass of jobs valued at under £250,000. In 1966 this value group accounted for 97.8 per cent of the total. In 1970 this value group still accounted for 97.8 per cent of the total. The fact that since 1966 there has been no noticeable decrease in the number of small architectural practices (one-five architectural staff) and no significant increase in the number of larger practices (11 or more architectural staff) may well indicate that the size of architectural practices (and by the way the size of building firms) has reflected the number and size of jobs available and has shown the infrastructure of the profession and the industry is conditioned by client demands which are in turn con-

The Financial Times Monday November 15 1971

ditioned by prevailing economic circumstances. The work of the RIBA's Intelligence Unit has indicated that an expected move towards larger architectural practices has not materialised. There was some increase in size up to 1964, since then sizes have remained static. Nor does it seem that group practice has increased greatly. This is something of an oversimplification because in a rather typical way the architectural profession at least has managed to evolve alternatives which bring the benefits of group practice without the attendant disadvantages. Arrangements include group practice working for single jobs; firms sharing common partners and associations which can be mobilised for particular specialist needs. Yet another example of the adaptability and flexibility inherent in the consultancy system.

That the structure of the consultancy professions should respond swiftly to macro and micro forces is hardly sufficient. They must also be capable of welding their contributions, design, structure, cost, internal environment etc., together in the building operation. The working procedures necessary to achieve this are only now developing and all is not right within the team itself. The service engineer (responsible for increasingly complex heating, electrical and ventilating systems) is now involved in up to 50 per cent of the design. Apart from the urgent need to attract the better recruits through chartered engineer status into building services engineering it is vitally important that better services advice at the strategic design stage and the requirement for greater detail on drawings must be reflected by increased fees for these activities. If this improvement in services engineering can be achieved the concept of a total design service can be realised.

project is fully examined before it starts. This points a way out of the current enthusiasm for "lowest initial cost" buildings. The inadequacies of "lowest initial cost" approach for permanent structures are all too clear. The alternatives—broadly higher initial cost for a longer and more adaptable life or the disposable building concept—need to be investigated thoroughly by all those involved in the industry.

One of the most hopeful signs of recent years in inter-professional co-operation among the building professions was the founding of the Presidents' Committee for the Urban Environment earlier this year. The professions co-operate in the building process so why should not they co-operate at an official level? It is certain that the younger members of the professions have little time for protecting real or imagined boundaries between us. This official dialogue must extend to all areas of professional concern—education, the environment and practice.

Two extremes

We often forget that building is not an end in itself, only a means to an end. There are two extremes of building practice. First, the flamboyant, primarily with building as a monument or a piece of sculpture. Secondly, the package approach of to-day. Both approaches are concerned with the end, but with different means. At least, the package approach has given us a remarkable architectural heritage—full consequences of the package deal have yet to be established. Between these two extremes lies an enormous territory of public and private, hospitals, schools, etc., in which the architectural and building professions have come involved. Nowhere in the world can claim such a proportion of professional effort devoted to the built environment. In the last resort it is the total design service, independent consultants in areas of the building operation which will ensure that the end is achieved, the interests of the community client.

The professions are going to have a challenging time. External pressures on independence will continue to increase on the one hand, and on the other, the Government agreed revised Conditions of Engagement and fee scale with the RIBA earlier this year (discussion is still in progress on the Association of Consulting Engineers' scale).

The encouraging factors are the implicit acceptance by the Government of the value of the design service. The new conditions provide explicitly for time charges on stage B work (feasibility, investigation of alternatives) to ensure that a achieve even better results.

Scale fees

Fees are always a vexed issue. We have been, and are, criticised for insistence on scale fees. Much of the objection is doctrinaire and pays little attention to the consequences of a free for all. The prime virtue of such a scale is that clients are only faced with one variable (that is, service) and not two (fees and service). It is encouraging to note that the Government agreed revised Conditions of Engagement and fee scale with the RIBA earlier this year (discussion is still in progress on the Association of Consulting Engineers' scale).

The encouraging factors are the implicit acceptance by the Government of the value of the design service. The new conditions provide explicitly for time charges on stage B work (feasibility, investigation of alternatives) to ensure that a achieve even better results.

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BY JOHN TRAFFORD

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COMPANY NEWS + COMMENT

Paterson Zochonis slightly ahead

THE PATTERN emerging in the current year of Paterson Zochonis (general merchants in West Africa) is mixed, although profits to date are slightly higher, says the chairman, Mr. J. B. Zochonis.

Turnover is a little higher and may be expected to continue so. Margins, however, both in Ghana and Nigeria, are under pressure due to overstocking which has led to greater competition.

On the other hand, renewed production of soap in Nigeria and the increased production of thread in Ghana and of perfumery and medicines in both is bringing in overall higher profits; though in Ghana recent heavy surcharges on perfumery raw materials have led to a higher price level than the market has so far been able to absorb, Mr. Zochonis states.

As stated on October 13, group profit for the year ended May 31, 1971, was £2.15m. (£1.75m.) and the dividend 12 per cent. (equivalent 13.5 per cent.). Also proposed is a one-for-ten scrip issue, and a dividend of at least 16 per cent. is forecast on the higher capital.

Further legislation is contemplated by the Nigerian Government which will mean offering to Nigerian nationals a minority holding in certain group subsidiaries.

It appears likely, the chairman states, that one of the major subsidiaries will be reconstituted as a public company under the laws of Nigeria and a public issue of shares made.

Meeting, Manchester, December 8 at noon. Mr. P. C. Karas has indicated his wish to retire from the Board.

comment

The 1970-71 feature for Paterson was the way margins moved in the second half. Sales moved over the two halves remained fairly constant (at 16 and 15 per cent.) but profits growth accelerated from 12 per cent. June to November to 35 per cent., before tax. This plus the lowest tax charge in three years, raised annual earnings more than a third to 58.5p a share. As for the current year, the tone of the report boils down to a fair amount of optimism, which tends to make a nonsense of the share price given a six-year profits performance adding up to compound growth of 30 per cent. a year. A p/e of 6.7 for the "A" at 380p plainly suffers from a thin (close company) market.

Improvement at MacLehose

Results at the end of 1971 for printers and bookbinders MacLehose Group "will show a significant improvement," states chairman, Mr. N. D. MacLehose. For all of 1970, there was a net loss after tax of £104,538.

An interim dividend of 2 per cent. is declared. For the previous year there was an interim of 3 per cent. and no final.

Smith Brothers (Kilmarnock) is having another good year. Losses made by Robert MacLehose have been substantially reduced but the book printing section of the market remains sluggish and the return to reasonable profitability has not yet been achieved—and

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| Johnson Gibbons | 28 | 4 | Sidroy | 28 | 2 |
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Mr. MacLehose sees no likelihood of this occurring during the first quarter of 1972.

Sidroy sees return to profits

Chairman of Sidroy, Mr. D. M. Saunders, tells members that plans for the current year indicate a return to overall profitability after all charges.

However, in view of the need to reduce the debt balance and to provide for longer term growth, it is unlikely that the Board will be able to recommend an Ordinary dividend.

The retention of funds is essential to continued progress," he stresses.

The chairman reports that turnover during the first quarter from the Knitwear and Linen manufacturing units shows a considerable improvement and forward orders assure maximum utilisation of capacity for several months ahead.

A substantial increase in sales of the Spinning Division is also reported although the nature of hand knitting yarn business requires a very high investment in stocks and the success in increasing output "must not overshadow" the problem of slender margins in a highly competitive market.

Although reducing total turnover, the measures taken to consolidate the product range and to consolidate activities within a much more limited geographic area have shown a distinct improvement in productivity and have strengthened efforts to contain inflationary pressures. "Emphasis is now on expansion of output."

As reported on October 9, the trading loss for the year ended June 30, 1971 was reduced to £52,998 compared with £282,561 in 1969-70. There is, again, no dividend—the last Ordinary dividend was 3 per cent. for 1969/70.

Meeting, Leicester, December 6, at 2.30 p.m.

Dalmore Whyte to improve in first half

First half results of whisky distillers Dalmore, Whyte and Mackay should show an improvement over the £38,000 of 1970-71, forecasts the chairman Mr. H. W. Whyte.

And, subject to unforeseen circumstances, he considers the full year's figure will be satisfactory.

More favourable barley prices will help the distillery, but a further wage increase has to be faced. Again, reduced interest rates will help in the financing of stock and duty.

Demand for Whyte and Mackay's brands continues very satisfactory, and the stock is well balanced to ensure continuity of quality and supply. Stock is held on favourable terms and puts the company in a strong position to meet competition.

As reported on October 29 group profit for the year ended July 31, 1971 came to £179,411 (£196,306), with the second half producing £110,918 (£81,237). The dividend is again 11 per cent. Meeting, Glasgow, Dec. 6 at noon.

First half rise for Marling

WITH THE benefit of the consolidation policy showing, profits of Marling Industries for the half-year to September 30, 1971, have risen from £123,000 to £145,000 (£196,306), with the second half producing £110,918 (£81,237). The dividend is again 11 per cent. Meeting, Glasgow, Dec. 6 at noon.

The plan is to develop in all departments and to continue to improve the sophistication and versatility of the general range, taking advantage of modern technology in fabric production and extending also into transfer printing. Principal growth area is expected to be in fabric for menswear, with the knitwear and plastic knitting adding significantly to the basic double jersey range.

The group has expanded its yarn production department to supply the required increase in volume and diversity.

For the first quarter are comparable to those of the corresponding period, but reflect the sluggish state of trade at this time of the year. Unless a substantial general recovery occurs, the Board expects that net profits for the current year will exceed last year's results.

As reported on October 22, group profit, before tax, for the half-year to June 30, 1971, was up from £422,253 to £513,233, and against a forecast of 45 per cent., the total dividend is 47 per cent. (single 20 per cent. previously).

The year was one of deliberate trading-up and development of the versatility of products coupled with the consolidation of production, marketing and financial resources.

Meeting, Manchester, December 8, at noon.

tion new factories in Leek and Derby have been purchased, and the vacated smaller premises sold.

As a logical extension into the growing field of fibre bonding Marling has agreed terms for the purchase of 89.5 per cent. of the capital of Eurochem, with its subsidiary Euro-Kay. Total consideration is £113,272, to be satisfied by the issue of £50,000 loan notes and the balance in shares; completion will take place shortly.

Eurochem is a well established supplier of fibre bonded acoustic insulation materials and related adhesives—products which are in increasing demand in the motor car industry and wherever sound insulation is important. The manufacture of bitumen and plastic based loose-laid tiles for the carpet trade is another feature of the acquisition. Currently Eurochem sales are approaching £500,000 per annum.

Expansion for Fairfax Jersey

MR. J. P. BARKER, chairman of Fairfax Jersey, says the group enters the year to 30.1971 in a position of greater flexibility and financial strength than ever before, and the Board has agreed to increase in volume and range of production.

The plan is to develop in all departments and to continue to improve the sophistication and versatility of the general range, taking advantage of modern technology in fabric production and extending also into transfer printing.

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Meeting, Manchester, December 8, at noon.

comment

Fairfax Jersey has slipped 17p to 85p since the preliminary statement three weeks ago. Disappointment with the 1970-71 results—just topping the forecast—is part of the story and margins are down 41 points to 25.5 per cent. which is still a good deal fatter than the level managed by other double jersey producers. But doubts have also been raised about the sector as a whole with the feeling that the boom is over and demand now levelling out. Fairfax itself does little to resolve the question as the budgeted 25 per cent. increase in turnover is matched by a 41 point drop in the very excited over Fairfax's prospects, a historic p/e of 8.4—four points below the (Jersey) Knit's prospective rating.

Chairman's statement Page 9

FT Share Information Service

The following securities have been added to the Share Information Service appearing in the Financial Times

Bibby and Baron (Holdings) (Section: Paper, Printing and Advertising). Since the investment trust (Section: Investment Trusts). Do. 51 per cent. Partly Convertible Unsecured Loan stock, 1981 (section: Investment trusts). Westralian securities (Section: Overseas Australia).

Johnson Gibbons

GROUP pre-tax profit of Johnson Gibbons (merchants in ironmongery, hardware, building materials, etc.) have fallen from £28,120 to £24,750 in the 12 months to June 30, 1971, compared with the previous year.

Chairman Mr. J. E. L. Gibbons points out that profit for this first 12 months of the current period of 18 months is considerably less than anticipated when reporting in May—the first half figure was £21,900 (£31,100) and it was then expected that the balance for the 12 months would be no less than for the 1970-71 year.

He explains that at Stevenson there were the costs of moving stores, training of new staff, redundancy payments and many other non-recurring incidental expenses all "significantly" greater than expected.

This, with a fall in sales for May and June has brought about a "very disappointing" result for the London subsidiary.

The northern group continues to make good progress with satisfactory results. Nevertheless, due to the seasonal nature of the business, the remaining six months of the extended period is less busy and the Board is reluctant to forecast an increase in profit which would equal that earned in the six months to December 31, 1970.

In the circumstances there is no interim dividend. An interim of 3 per cent. has been paid—total for the previous year was 61 per cent.

Group sales for the 12 months were £6,720,250 (£5,385,753). After estimated tax £13,400 (£28,000), net profit was £21,900 (£42,120).

ISSUE NEWS AND COMMENT

Bernard Matthews offer at 100p

Application lists open on Thursday, November 18 for the offer for sale by Kleinwort, Benson, of 1.6m. Ordinary 25p shares in Bernard Matthews at 100p per share.

The company is believed to be the largest integrated turkey producer in Europe. Production now exceeds 2m. birds per annum, a substantial proportion of which are sold under its own registered trade mark "Norfolk Manor."

Every aspect of the integrated production of turkeys is undertaken by the company from the breeding of pedigree birds through to processing and freezing in oven ready form. About 90 per cent. of the company's sales have been made under its own registered trade mark. The balance is made up through fresh turkeys, both whole and in cut portions, and also in breeding stock and hatching eggs for commercial growing stock.

Turnover of the group has risen from £1.66m. for eight months of 1964 to £3.5m. in 1970, while profits over the same period have jumped from £265,000 to £234,000.

For the current year ending January 2, 1972, pre-tax profits are forecast at £700,000 from a turnover of £5m. No dividend is forecast for this period, but on the basis of these profits in 1969-70, dividends totalling 25 per cent. would be recommended. At the offer price the dividend yield would be 6.25 per cent., covering 1.68 times, and the p/e 9.52.

Brokers are James Capel and Co., and dealings are expected to start on Tuesday, November 23.

comment

Since the advent of the mini-bird, which has made producers less dependent on the Christmas period and which has led to a spiralling while turkey prices have fallen, the turkey market has shown outstanding growth. Since 1962 the U.K. consumption of turkeys has risen from 51m. to 13m. While Bernard Matthews has reaped the benefit of this higher volume, and with improved feeding methods—50 per cent. of production is now frozen—better trading margins, spasmoid outbreaks of fowl pest have hindered the growth at the profits level.

This overhanging factor obviously puts a question mark against the quality of earnings, although it is fair to say that the company is now using live vaccines, which are expected to reduce health risks. However, the rating appears to be adequately discounting the volatile state of the business, and on 1972 prospects alone—lower grain prices improving the competitive edge of turkey—there seems something to go for.

Prospectus Pages 10 & 11

SOUTH AFRICAN BONDS

Arrangements have been made for the issue by the Republic of South Africa of DM100m. 71 per cent. Deutsche Mark Bonds 1971 at 98 per cent. The underwriting group was headed by Deutsche Bank, Banque de Paris et des

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DIVIDENDS ANNOUNCED

| Company | Date | Current payment | Corr. payment | Total payment | Total for year | Total for last year |
|----------------|---------|-----------------|---------------|---------------|----------------|---------------------|
| Turnbull Scott | Dec. 14 | 15p(c) | 3.75p | — | — | 11.35p |

* Equivalent after allowing for scrip issue. † Amount per share. (a) Tax free. (b) On capital increased by rights and/or acquisition issues. (c) Does not indicate higher total.

Robb Caledon hopeful

PRESENT indications are that the world, to exist without the Robb Caledon shareholders' Government support and this group should return to "a basic fact must, he suggests, be recognised."

"What seems to me important is that the necessary Government support should be in a form which is suitable both from the point of view of efficient operation and in the national interest to encourage technical progress in the maritime industries," he declared.

Meeting, Dundee, Dec. 7 at 12.30 p.m.

Chairman's statement Page 9

London and Provincial Shop

When London and Provincial Shop Centres (Holdings) completes and fully lets its 57th programme, it is estimated that gross fixed value of completed developments will exceed £20m. and net asset cover for the Ordinary shares will be over 125p, states the chairman Mr. Thos. Mitchell.

The figures do not take into account likely increases in the asset value of the present completed portfolio due to future reversals.

Substantial progress has been made on the £71m. programme but several further Office Developments and consent to still required before it can complete.

For the year ended March 31, 1971, group profit before tax to £60,421 (£50,180) and the dividend is 10 per cent. (5 per cent.), as stated on Oct. 30.

At March 25, Mr. B. S. Berry was interested in 2,072,028 shares and Mr. R. Gerard in 1,594,444. Meeting, December 7 at 3 p.m.

METROPOLITAN GAS METERS

The offer on behalf of the Electrical Industries for the Ordinary capital of Metropolitan Gas Meters has been accepted. The offer of 715,408 shares at 50p each, with the 510,824 owned by the subsidiary of Thorn before the offer, represents 90.3 per cent. of the capital of MGM.

Meeting, London, December 7, at 3 p.m. The offer has been deemed unconditional and remains so in the event of acceptance exceeding 90 per cent. of the share for which the offer was made. Thorn intends to acquire the shares by tender.

Brokers to the issue are Messel and Co. Dealings expected to start on Tuesday, November 23.

At first glance Alida Packaging seems to be coming to the market on rather an ambitious note, a small company with a record in a highly competitive field. On the other hand, pre-tax profits will be not less than £250,000 in the year to end of March, 1972. On this the Board intends to recommend dividends totalling 34 per cent. a full year. At the offer price, the dividend yield would be 4.03 per cent., covered 1.6 times, and p/e ratio would be 15.

Following the offer for sale, directors and their families will be interested in 55 per cent. of the Ordinary shares. Brokers to the issue are Messel and Co. Dealings expected to start on Tuesday, November 23.

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INTERNATIONAL COMPANY NEWS + EURO MARKETS

If IET was abolished...

BY WILLIAM LOW

IT IS SOMEWHAT ironic that the new-found confidence in the dollar has not only provided the Eurobond market with a much-needed boost, but also may mark the beginning of the end of the Eurobond market as it is currently constituted.

A growing number of international bankers are giving serious thought to what will be the effects of a recovery in the U.S. balance of payments position. Should the U.S. move to a healthy surplus, the government may well decide to abolish both the Interest Equalisation Tax (IET) and the Office of Foreign Direct Investment (OFDI).

The introduction of IET in 1963 effectively closed the New York capital market to foreign borrowers who, instead, turned to long-term dollar financing in Europe. It was this tax which was responsible for the birth of the Eurobond market. OFDI regulations, which restrict the flow of capital from the U.S. forced American corporations to use the Eurobond market as a means of financing foreign investment.

The disappearance of these measures might well result in a substantial portion of bond-raising currently carried out in the international capital market being

diverted to New York. Although international investors would still subscribe to loans issued in New York, American institutions would certainly play a strong role in the purchase of dollar loans raised by non-U.S. borrowers. This, in turn, might mean that the second market in Europe would contract sharply.

Of course, an international capital market centred on New York would not necessarily result in the complete decline of the Eurobond market. Many borrowers would not be willing, or able, to register under the U.S. Securities Act, while the time difference would make the sort of European trading market to operate.

Meanwhile, the \$50m. convertible offering by Honeywell has come in for some serious criticism. A number of "Euro" bankers and analysts are unhappy about a speech the Honeywell chairman made in the U.S. just as the Eurobond issue was completed. Part of the speech related to the difficulty Honeywell would have in matching the 1970 earnings figure. This information, the critics claim, was not made available until after the issue.

It is certainly true that the earnings statement, as attributed

to the Honeywell officer, was not printed in the prospectus. According to the managers (headed by White Weld), the company is forbidden by U.S. law to make a forecast even if the offering is done outside the U.S. In addition, the managers maintain that from the information contained in the prospectus it was evident that the 1970 earnings would not be repeated this year.

Two points of interest emerge from this dispute. First, it should be possible for U.S. companies issuing Eurobonds to make forecasts as regards earnings. Secondly, investors should read a prospectus more carefully.

It is also debatable whether an officer of a company which is raising funds should make such statements. Had the loan been a domestic one, then the company and its officers would have been forbidden to make any comment. There is a case for this rule being extended to cover offerings by American companies.

Henkel signs pact with USSR

By Christopher Lorenz

FRANKFURT, Nov. 14. HENKEL, the privately-owned West German detergent and plastics company, has signed a technical and economic co-operation agreement with the Soviet State Committee for Science and Technology. This is claimed to be the first West German-Soviet agreement to exchange information in the consumer goods field. It covers co-operation in the detergent and glass sectors and foresees joint research and development, together with the exchange of licences.

Henkel said today that the deal should not be seen as a one-way street. The Soviet side had plenty to offer, particularly in the chemical sector.

IN BRIEF

● **BANCO DI ROMA**, Commercial and Credit Lyonnaise point out that the new office opened in Sydney by the bank's group is a representative office and not a branch. The bank was wrongly reported to have opened a Sydney branch.

● **INTERNATIONAL TELEPHONE AND TELEGRAPH CORPORATION** declared a quarterly dividend of 28¢ each share on Common stock, payable on January 15, 1972, on record as of December 22, 1971.

MADRID STOCK EXCHANGE PRICES

| Name of stock | High | Low | Close | Week's Change | Div. | Net |
|----------------------------|--------|--------|--------|------------------|------|-----|
| Altos Hornos de Vizcaya | 95 | 93 | 93 | +4 5.00 5.37 | | |
| Banco Central | 988 | 983 | 988 | +6 11.97 1.21 | | |
| Banco de Bilbao | 887 | 880 | 887 | +10 13.83 1.59 | | |
| Banco de Vizcaya | 787 | 776 | 787 | +6 14.22 1.80 | | |
| Banco Espanol Credito | 778 | 772 | 778 | +8 11.33 1.53 | | |
| Banco Hispano Americano | 778 | 772 | 778 | +8 9.93 1.63 | | |
| Auxiliar Ferroviarias | 114 | 110 | 110 | +1 12.01 1.56 | | |
| Cia Ind. Agricolas | 276 | 273 | 274 | +3 3.50 3.10 | | |
| Cia Esp. Petroleros | 375 | 369.5 | 370 | -3.5 10.20 2.75 | | |
| Cia Insular Nitrogeno | 126 | 126 | 126 | -6.80 5.39 | | |
| Cia Sevillana Electricidad | 245 | 236.75 | 238 | -7 9.50 3.99 | | |
| Cia Telefonica Nacional | 280 | 277 | 277 | -2 8.97 2.91 | | |
| Dragados y Construcciones | 586 | 571 | 586 | +8 3.90 1.45 | | |
| Ebro Cia Azu. Alcoholes | 699 | 694 | 699 | +16 13.90 1.94 | | |
| Espanola del Zinc | 118 | 117 | 118 | +1 6.10 2.75 | | |
| Galeras Preciados | 313 | 313 | 313 | +1 11.47 3.66 | | |
| Hidroelectrica Espanola | 242.75 | 243 | 243.75 | +6 10.00 4.00 | | |
| Iberduero | 306 | 298.75 | 306 | +12.5 10.00 3.26 | | |
| Union y Fenix Espanol | 648 | 646 | 648 | +5 12.00 1.85 | | |
| Min Sid Ponferrada | 140 | 130 | 130 | -17 6.66 3.12 | | |
| SA Cro | 185 | 182 | 185 | -2 9.35 3.30 | | |
| SA El Aguila | 287 | 285 | 287 | +2 15.00 3.74 | | |
| SEAT Turismo Sout | 481 | 481 | 481 | -2 4.25 2.85 | | |
| Astilleros Espanoles | 70 | 68 | 68 | -2 0.75 0.75 | | |
| Sad Met. Duro Felguera | 67.25 | 66.50 | 66.50 | -0.75 5.00 7.50 | | |
| Sad Nat. Ind. Aplicacion | 138 | 130 | 130 | -8 8.00 6.15 | | |
| Union Expl. Rio Tinto | 241 | 237 | 237 | -4 10.20 4.30 | | |
| Sinagor | 826 | 815 | 826 | +3 10.78 1.30 | | |
| Banco de Santander | 826 | 815 | 826 | +3 10.78 1.30 | | |

Par values: Ptas.500 except * Ptas.100, † Ptas.1,000, ‡ Ptas.150.
\$ Ex coupon dividend, † Ex rights coupon.
Source: Banco Central Madrid.

AUSTRALIAN WEEKLY LIST

| Australian \$ | Nov. 12 | Nov. 5 | Australian \$ | Nov. 12 | Nov. 5 |
|------------------------|----------|----------|---------------|----------|----------|
| Advertiser Newspapers | 1,655.15 | 1,658.15 | Kerritt | 1,601.70 | 1,591.15 |
| Adelaide Steamship | 1,702.75 | 1,656.75 | Leighton | 1,601.70 | 1,591.15 |
| Adelaide Securities | 1,658.15 | 1,658.15 | M.L.C. | 1,601.70 | 1,591.15 |
| Adelaide United | 1,658.15 | 1,658.15 | M.L.C. (P.A.) | 1,601.70 | 1,591.15 |
| Adelaide United (P.A.) | 1,658.15 | 1,658.15 | M.L.C. (P.A.) | 1,601.70 | 1,591.15 |
| Adelaide United (P.A.) | 1,658.15 | 1,658.15 | M.L.C. (P.A.) | 1,601.70 | 1,591.15 |
| Adelaide United (P.A.) | 1,658.15 | 1,658.15 | M.L.C. (P.A.) | 1,601.70 | 1,591.15 |
| Adelaide United (P.A.) | 1,658.15 | 1,658.15 | M.L.C. (P.A.) | 1,601.70 | 1,591.15 |
| Adelaide United (P.A.) | 1,658.15 | 1,658.15 | M.L.C. (P.A.) | 1,601.70 | 1,591.15 |
| Adelaide United (P.A.) | 1,658.15 | 1,658.15 | M.L.C. (P.A.) | 1,601.70 | 1,591.15 |

TEL AVIV STOCK EXCHANGE

| Company | Unit | Price Nov. 12 | Change on week | Last Div. (Total) | Yield per cent | High | Low |
|-----------------------------|------|---------------|----------------|-------------------|----------------|-------|-------|
| Bank Leumi Le-Israel | IL 1 | 178.5 | +1.1 | 8.5 | 4.75 | 181.5 | 176.5 |
| Bank Leumi Le-Israel (P.A.) | IL 1 | 178.5 | +1.1 | 8.5 | 4.75 | 181.5 | 176.5 |
| Bank Leumi Le-Israel (P.A.) | IL 1 | 178.5 | +1.1 | 8.5 | 4.75 | 181.5 | 176.5 |
| Bank Leumi Le-Israel (P.A.) | IL 1 | 178.5 | +1.1 | 8.5 | 4.75 | 181.5 | 176.5 |
| Bank Leumi Le-Israel (P.A.) | IL 1 | 178.5 | +1.1 | 8.5 | 4.75 | 181.5 | 176.5 |
| Bank Leumi Le-Israel (P.A.) | IL 1 | 178.5 | +1.1 | 8.5 | 4.75 | 181.5 | 176.5 |
| Bank Leumi Le-Israel (P.A.) | IL 1 | 178.5 | +1.1 | 8.5 | 4.75 | 181.5 | 176.5 |
| Bank Leumi Le-Israel (P.A.) | IL 1 | 178.5 | +1.1 | 8.5 | 4.75 | 181.5 | 176.5 |
| Bank Leumi Le-Israel (P.A.) | IL 1 | 178.5 | +1.1 | 8.5 | 4.75 | 181.5 | 176.5 |

CANADIAN WEEKLY LIST

| Stock | Nov. 12 | Nov. 5 |
|--------------------------|---------|--------|
| Alb. Gas Tr. Ltd. | 47.75 | 47.75 |
| Alb. Gas Tr. Ltd. (P.A.) | 47.75 | 47.75 |
| Alb. Gas Tr. Ltd. (P.A.) | 47.75 | 47.75 |
| Alb. Gas Tr. Ltd. (P.A.) | 47.75 | 47.75 |
| Alb. Gas Tr. Ltd. (P.A.) | 47.75 | 47.75 |
| Alb. Gas Tr. Ltd. (P.A.) | 47.75 | 47.75 |
| Alb. Gas Tr. Ltd. (P.A.) | 47.75 | 47.75 |
| Alb. Gas Tr. Ltd. (P.A.) | 47.75 | 47.75 |
| Alb. Gas Tr. Ltd. (P.A.) | 47.75 | 47.75 |

SINGAPORE

| Stock | Nov. 12 | Nov. 5 |
|-------------|---------|--------|
| Industrials | 2.58 | 2.58 |
| Industrials | 2.58 | 2.58 |
| Industrials | 2.58 | 2.58 |
| Industrials | 2.58 | 2.58 |
| Industrials | 2.58 | 2.58 |
| Industrials | 2.58 | 2.58 |
| Industrials | 2.58 | 2.58 |
| Industrials | 2.58 | 2.58 |
| Industrials | 2.58 | 2.58 |
| Industrials | 2.58 | 2.58 |

HONG KONG

| Stock | Nov. 12 | Nov. 5 |
|------------------|---------|--------|
| Government Bonds | 67.00 | 67.00 |
| Government Bonds | 67.00 | 67.00 |
| Government Bonds | 67.00 | 67.00 |
| Government Bonds | 67.00 | 67.00 |
| Government Bonds | 67.00 | 67.00 |
| Government Bonds | 67.00 | 67.00 |
| Government Bonds | 67.00 | 67.00 |
| Government Bonds | 67.00 | 67.00 |
| Government Bonds | 67.00 | 67.00 |
| Government Bonds | 67.00 | 67.00 |

AUSTRALIA

| Stock | Nov. 12 | Nov. 5 |
|-------------------|----------|----------|
| Arrival Australia | 1,401.15 | 1,401.15 |
| Arrival Australia | 1,401.15 | 1,401.15 |
| Arrival Australia | 1,401.15 | 1,401.15 |
| Arrival Australia | 1,401.15 | 1,401.15 |
| Arrival Australia | 1,401.15 | 1,401.15 |
| Arrival Australia | 1,401.15 | 1,401.15 |
| Arrival Australia | 1,401.15 | 1,401.15 |
| Arrival Australia | 1,401.15 | 1,401.15 |
| Arrival Australia | 1,401.15 | 1,401.15 |
| Arrival Australia | 1,401.15 | 1,401.15 |

JOHANNESBURG

| Stock | Nov. 12 | Nov. 5 |
|------------------|---------|--------|
| Government Bonds | 67.00 | 67.00 |
| Government Bonds | 67.00 | 67.00 |
| Government Bonds | 67.00 | 67.00 |
| Government Bonds | 67.00 | 67.00 |
| Government Bonds | 67.00 | 67.00 |
| Government Bonds | 67.00 | 67.00 |
| Government Bonds | 67.00 | 67.00 |
| Government Bonds | 67.00 | 67.00 |
| Government Bonds | 67.00 | 67.00 |
| Government Bonds | 67.00 | 67.00 |

INDUSTRIALS

| Stock | Nov. 12 | Nov. 5 |
|-------------|---------|--------|
| Industrials | 2.58 | 2.58 |
| Industrials | 2.58 | 2.58 |
| Industrials | 2.58 | 2.58 |
| Industrials | 2.58 | 2.58 |
| Industrials | 2.58 | 2.58 |
| Industrials | 2.58 | 2.58 |
| Industrials | 2.58 | 2.58 |
| Industrials | 2.58 | 2.58 |
| Industrials | 2.58 | 2.58 |
| Industrials | 2.58 | 2.58 |

Indices

NEW YORK

| Index | Nov. 12 | Nov. 5 |
|--------------------|----------|----------|
| Dow Jones Averages | 1,401.15 | 1,401.15 |
| Dow Jones Averages | 1,401.15 | 1,401.15 |
| Dow Jones Averages | 1,401.15 | 1,401.15 |
| Dow Jones Averages | 1,401.15 | 1,401.15 |
| Dow Jones Averages | 1,401.15 | 1,401.15 |
| Dow Jones Averages | 1,401.15 | 1,401.15 |
| Dow Jones Averages | 1,401.15 | 1,401.15 |
| Dow Jones Averages | 1,401.15 | 1,401.15 |
| Dow Jones Averages | 1,401.15 | 1,401.15 |
| Dow Jones Averages | 1,401.15 | 1,401.15 |

STOCK AND BOND YIELDS

| Index | Nov. 12 | Nov. 5 |
|-----------------------|---------|--------|
| Industrial div. yield | 3.97 | 3.97 |
| Industrial div. yield | 3.97 | 3.97 |
| Industrial div. yield | 3.97 | 3.97 |
| Industrial div. yield | 3.97 | 3.97 |
| Industrial div. yield | 3.97 | 3.97 |
| Industrial div. yield | 3.97 | 3.97 |
| Industrial div. yield | 3.97 | 3.97 |
| Industrial div. yield | 3.97 | 3.97 |
| Industrial div. yield | 3.97 | 3.97 |
| Industrial div. yield | 3.97 | 3.97 |

IND. DIVIDEND YIELD P.C.

| Index | Nov. 12 | Nov. 5 |
|-----------------------|---------|--------|
| Industrial div. yield | 3.97 | 3.97 |
| Industrial div. yield | 3.97 | 3.97 |
| Industrial div. yield | 3.97 | 3.97 |
| Industrial div. yield | 3.97 | 3.97 |
| Industrial div. yield | 3.97 | 3.97 |
| Industrial div. yield | 3.97 | 3.97 |
| Industrial div. yield | 3.97 | 3.97 |
| Industrial div. yield | 3.97 | 3.97 |
| Industrial div. yield | 3.97 | 3.97 |
| Industrial div. yield | 3.97 | 3.97 |

N.Y. SE ALL COMMON INDEX

| Index | Nov. 12 | Nov. 5 |
|--------------------------|----------|----------|
| N.Y. SE All Common Index | 1,401.15 | 1,401.15 |
| N.Y. SE All Common Index | 1,401.15 | 1,401.15 |
| N.Y. SE All Common Index | 1,401.15 | 1,401.15 |
| N.Y. SE All Common Index | 1,401.15 | 1,401.15 |
| N.Y. SE All Common Index | 1,401.15 | 1,401.15 |
| N.Y. SE All Common Index | 1,401.15 | 1,401.15 |
| N.Y. SE All Common Index | 1,401.15 | 1,401.15 |
| N.Y. SE All Common Index | 1,401.15 | 1,401.15 |
| N.Y. SE All Common Index | 1,401.15 | 1,401.15 |
| N.Y. SE All Common Index | 1,401.15 | 1,401.15 |

AMERICAN SE ALL STOCKS AVERAGE

| Index | Nov. 12 | Nov. 5 |
|--------------------------------|----------|----------|
| American SE All Stocks Average | 1,401.15 | 1,401.15 |
| American SE All Stocks Average | 1,401.15 | 1,401.15 |
| American SE All Stocks Average | 1,401.15 | 1,401.15 |
| American SE All Stocks Average | 1,401.15 | 1,401.15 |
| American SE All Stocks Average | 1,401.15 | 1,401.15 |
| American SE All Stocks Average | 1,401.15 | 1,401.15 |
| American SE All Stocks Average | 1,401.15 | 1,401.15 |
| American SE All Stocks Average | 1,401.15 | 1,401.15 |
| American SE All Stocks Average | 1,401.15 | 1,401.15 |
| American SE All Stocks Average | 1,401.15 | 1,401.15 |

STANDARD AND POORS

U.S. STOCK INDICES

| Index | Nov. 12 | Nov. 5 |
|-------------------------------------|----------|----------|
| Standard & Poors U.S. Stock Indices | 1,401.15 | 1,401.15 |
| Standard & Poors U.S. Stock Indices | 1,401.15 | 1,401.15 |
| Standard & Poors U.S. Stock Indices | 1,401.15 | 1,401.15 |
| Standard & Poors U.S. Stock Indices | 1,401.15 | 1,401.15 |
| Standard & Poors U.S. Stock Indices | 1,401.15 | 1,401.15 |
| Standard & Poors U.S. Stock Indices | 1,401.15 | 1,401.15 |
| Standard & Poors U.S. Stock Indices | 1,401.15 | 1,401.15 |
| Standard & Poors U.S. Stock Indices | 1,401.15 | 1,401.15 |
| Standard & Poors U.S. Stock Indices | 1,401.15 | 1,401.15 |
| Standard & Poors U.S. Stock Indices | 1,401.15 | 1,401.15 |

STOCK AND BOND YIELDS

| Index | Nov. 12 | Nov. 5 |
|-----------------------|---------|--------|
| Industrial div. yield | 3.97 | 3.97 |
| Industrial div. yield | 3.97 | 3.97 |
| Industrial div. yield | 3.97 | 3.97 |
| Industrial div. yield | 3.97 | 3.97 |
| Industrial div. yield | 3.97 | 3.97 |
| Industrial div. yield | 3.97 | 3.97 |
| Industrial div. yield | 3.97 | 3.97 |
| Industrial div. yield | 3.97 | 3.97 |
| Industrial div. yield | 3.97 | 3.97 |
| Industrial div. yield | 3.97 | 3.97 |

MOST ACTIVE STOCKS

| Stock | Nov. 12 | Nov. 5 |
|--------------------|----------|----------|
| Most Active Stocks | 1,401.15 | 1,401.15 |
| Most Active Stocks | 1,401.15 | 1,401.15 |
| Most Active Stocks | 1,401.15 | 1,401.15 |
| Most Active Stocks | 1,401.15 | 1,401.15 |
| Most Active Stocks | 1,401.15 | 1,401.15 |
| Most Active Stocks | 1,401.15 | 1,401.15 |
| Most Active Stocks | 1,401.15 | 1,401.15 |
| Most Active Stocks | 1,401.15 | 1,401.15 |
| Most Active Stocks | 1,401.15 | 1,401.15 |
| Most Active Stocks | 1,401.15 | 1,401.15 |

TORONTO

| Index | Nov. 12 | Nov. 5 |
|---------------------|----------|--------|
| Toronto Stock Index | 1,401.15 | 1,401. |

...and the fact that the *in vitro* and *in vivo* results are in good agreement.

| | | % Yield % | | | % Yield % |
|---|-------|------------|---|--------------|--------------|
| Jardine Fleming & Co. Ltd. | | | J. Henry Schroder Wagg & Co. Ltd. | | |
| 22, Pall Mall Street, Hong Kong. | | | 128, Chesapeake, E.C.2. | | 91-388 4998. |
| Jardine's Bank Ltd. HK\$146.30 | | 2.75 | Amor. Inv. Nov. 10 | \$13.50 | -0.11 |
| NAY Nov. 20. Next sub. due Nov. 30. | | | Landed Fund Nov. 10 | \$13.50 | -0.16 |
| Jardine Japan F.H.K\$151.44 | | 1.52 | Transtar (Oct. 31) | \$11.93 | 2.53 |
| NAY Oct. 20. Requiv. U.S.\$23.39 Exchm. | | | | | |
| Next sub. due Nov. 30. | | | Security & Prosperity Fd. Std. S.A. | | |
| Kleinwort Benson Ltd. Agts. | | | P.O. Box 315, Zurich 2007, Switzerland | | |
| 30, Fenchurch Street, E.C.3. | | 41-58 1031 | Deposits | [9.24 10.10] | |
| Guernsey Inc. 45.4 46.74 | | 2.25 | Prices on Nov. 10. Next deadline Nov. 17. | | |
| Do. Account 48.01 51.5 | | 2.73 | Shamrock Unit Fund Ireland Ltd. | | |
| Interrelia Ltd. 6.666 7.885 | | 17 | 69-71, St. Stephen's Green, Dublin 2 25791 | | |
| Guernsey Inter-Fd. 1.55 | | 1.07 | Shamrock Ireland £59.5 56.9 | -0.51 | 2.97 |
| 23 Japan Fund. 71.60 | | | Shareholders Exaltalim in Cn. S.A. | | |
| Princes Bermuda. 43.87 | | 1.06 | 17, Boulevard Royal, Luxembourg. | | |
| Guernsey Inter-Fd. 1.55 | | 1.07 | NAY Nov. 10. 11-58 12.1 | | |
| * Prices not allowed for Inv. & Premium | | | Singer & Friedlander Ltd. Agents | | |
| Management International Ltd. | | | 39, Cannon Street, E.C.4 | | 91-596 3045 |
| 8K, of Bermuda Bldg. Hamilton, Bermuda | | | Isola, Nov. 10. 11-58 12.1 | | 2.4 |
| A's/N. Inv. Int'l. 165.0 58.0 | | 8.03 | Slater Walker Trst. Mgt. (Bahamas) | | |
| Fd. NAV Nov. 21. 91.58 2.00 | | 1.21 | 45, Tenor St. S.E.1. | | 3278 |
| Next subscription due Nov. 10. | | | Investment Fd. 4581.7 | | 1.7 |
| A's/N. Inv. Int'l. 1151.0 54.0 | | 2.07 | Value at Nov. 12. Next deadline Nov. 19. | | |
| Do. Wailese Nov. 14. 94.58 4.32 | | 2.58 | Slater Walker Trst. Mgt. (Jamaica) | | |
| Do. Wailese Nov. 15. 93.0 | | 1.95 | 35, Broad St. St. Heller, Jersey. 1024 2653 | | |
| Next subscription due Nov. 10. | | | Growth Investors. 150.0 156.5 | -2.8 | 1.60 |
| (c) H. Marx Int. Managmt. Ltd. | | | Next subscription due Nov. 23. | | |
| 69, Adolp. St. Douglas, Isl. Douglas 488 | | | South African Internat. Fund. Ltd. | | |
| Amst. Mineral Ltd. 14.5 15.46 | | 6.10 | P.O. Box 1946, Nassau, Bahamas. | | |
| Int. Income Trst. 48.5 48.7 | | 6.00 | NAY Oct. 31. 11-58 12.1 | | 3.19 |
| M&G Mutual Fd. 55.1 95.2 | | | Standard & Poor's Int'l. Fds. S.A. | | |
| Am. & Can. Nat. 55.1 95.2 | | | 14, rue Aldrin, Luxembourg. | | |
| P.O. Box 50, Grand Cayman. | | | Neu. A's/Vol. 121 158 809.8 | -4.58 | |
| Albion's Nov. 9. 71.6 78.01 | | | Standard Bank C.I. | | |
| Am. & Can. Nat. 1052.9 64.8 | | | St. Helier, Jersey. 634 5584. | | |
| P.O. Box 94, St. Peter Port, Guernsey. | | | Investment Fd. 4581.7 | | 1.7 |
| Ireland 77.5 81.56 | -0.2 | 2.21 | Next subscription due Nov. 23. | | |
| Accum. Units 90.3 95.1 | -0.2 | 2.21 | Stellar Unit Trust Managers Ltd. | | |
| Murray Johnstone (Inv. Adviser) | | | P.O. Box 23, Douglas, Isl. Douglas 1380 | | |
| 189, Hope St., Glasgow, C.2. 941-221 5321 | | | Slater Growth. 157.5 61.5 | -1.30 | 2.50 |
| Harvey Horne Fund. 135.10.59 | | 1.15 | Target Trst. Mgrs. (Cayman) Ltd. | | |
| NAY Nov. 10. 105.69 69.1 | | 2.21 | P.O. Box 718, Grand Cayman, Cayman Is. | | |
| Next asset value Oct. 20. | | | Target Offshore. 183.0 65.4 | -0.4 | |
| Negit S.A. | | | Price at Nov. 10. Next sub. due Nov. 17. | | |
| 18a, Boulevard Royal, Luxembourg. | | | Tokyo Capital Holdings N.V. | | |
| NAY Nov. 5 1971. 1058.53 | | | Int'l. Management Co. 100 W.V. Curacao. | | |
| New Court Equity Fd. Mgt. Ltd. | | | NAY per share Nov. 5. 30.5123. | | |
| P.O. Box 58, Ritzal Court, Curacao, C.I. | | | Tyndall Managers (Bermuda) Ltd. | | |
| NC Overseas Ltd. 150.8 55.46 | | | P.O. Box 1235, Hamilton, Bermuda. | | |
| Nippon Special Holdings Ltd. | | | International Fd. 132.0 95.5 | | 3.00 |
| Luxembourg. | | | Overseas Fund. 1.21 1.26 | | 4.00 |
| Net A's/Vol. Nov. 1. LF390.00. | | | Do. Accumulation 51.28 1.34 | | 4.00 |
| Notre American Inc. | | | Overseas Fund. 127.9 95.5 | | 4.00 |
| 100, Nassau, Bahamas. Geneva. Branch | | | Do. Accumulation 57.5 1.01 | | 6.00 |
| 3, rue du Marché, Tel. 258.00. | | | Do. Accumulation 12.45 0.95 | | 4.00 |
| N.A. Bank Fund. 121.45 | | | Do. Accumulation 121 1921.4 | | 4.00 |
| N.A. Inv. Fund. 77.40 | | | Price at Nov. 10. Next sub. due Dec. 1. | | |
| Overseas Development Bank | | | Union Bank of Switzerland | | |
| 18, Berkeley Sq. London, W.1. 41-498 3974 | | | 101, Broad Street, E.C.2. | | 91-388 3282. |
| Fund of Funds 158.74 | -0.32 | | Amor. Sw. Fr. 63.50 64.50 | -0.40 | 4.70 |
| Fund of Funds 179.49 | -0.37 | | Hort Sw. Fr. 142.50 144.50 | -1.80 | |
| Investors Fund. 154.24 4.35 | | | Global Sw. Fr. 90.50 104.1 | -2.50 | |
| Investors Fund. DM116.25 | -1.12 | | Global Sw. Fr. 81.50 82.50 | -0.40 | 5.50 |
| Venture Funds. 77.65 | -0.08 | | Pacific Inv. Sw. Fr. 100.50 | | |

| | | | | |
|-----------------|-------|-------|---|---|
| Pro.Grd.Am. Bds | 511.8 | 521.0 | — | price. & Distribution free of U.K. taxes. |
| Pro.Grd.Am. Bds | 100.0 | — | — | — |
| Pro.Grd.Am. Bds | 131.5 | 134.5 | — | — |

Prudential Pensions Limited
 Halborn Bares, EC2N 2NH. 01-406 2222

† Excluding securities credits payment.
 ‡ Excluding Gov't's price. & offered price.

| | | | | | | | |
|-----------------------------------|-----|------|---|---|---|---|---|
| Equity Pfd. Oct. 29-30-31 14.00 | — | — | — | — | — | — | — |
| Fluoride Pfd. Oct. 29-30-31 14.00 | — | — | — | — | — | — | — |
| Prophy Pfd. Oct. 29-30-31 10.37 | — | — | — | — | — | — | — |
| Reliance Mutual | | | | | | | |
| Trustwide Wella, Kent. | 682 | 2371 | — | — | — | — | — |
| (Golden Pro.Bd.) 106.8 | — | — | — | — | — | — | — |

includes all expenses except agent's commission. * Single premium insurance bonds. * Share split. * Net of tax on gains. * Not authorized by the Board of Trade. * Quotations. * Not available. Exchange rate difficulties.

FINANCIAL TIMES STOCK INDICES

| | Nov. 12 | Nov. 17 | Nov. 19 | Nov. 9 | Nov. 8 | Nov. 5 | A Year ago |
|----------------------------|---------|---------|---------|--------|--------|--------|------------|
| Government Securities | 80.25 | 80.17 | 79.71 | 79.37 | 79.13 | 78.95 | 68.72 |
| Fixed Interest | 78.93 | 78.94 | 78.94 | 78.94 | 78.95 | 78.99 | 70.74 |
| Industrial Ordinary* | 408.8 | 409.4 | 410.8 | 408.4 | 409.3 | 408.4 | 331.8 |
| Gold Mines | 47.0 | 47.1 | 47.1 | 47.4 | 46.5 | 46.5 | 33.8 |
| Ord. Div. Yield pct. | 3.91 | 3.99 | 3.94 | 3.98 | 3.91 | 3.92 | 3.14 |
| Paralysing Yield pct. (a.) | 6.09 | 6.06 | 6.00 | 6.08 | 6.12 | 6.13 | 7.86 |
| P.R. Ratio (a.) | 15.48 | 15.50 | 15.97 | 15.90 | 15.84 | 15.80 | 15.77 |
| Debtless Market | 11,788 | 11,871 | 11,904 | 11,711 | 11,701 | 11,701 | 9,928 |

*10 a.m. 408.2 11 a.m. 402.7 Noon 404.4 1 p.m. 403.4 2 p.m. 404.2
3 p.m. 404.2

(a) Based on 40% corp. tax from March 30, 1971. Latest Index 01-246 5039

HIGHS AND LOWS

S.E. ACTIVITY

| 5.9 | 1971 | | Since Compilation | | Nov. 12 | Nov. 31 |
|-----|------|-----|-------------------|-----|---------|---------|
| | High | Low | High | Low | | |
| 1 | | | | | | |

[illegible]

business and rights had been based on
estimated prospective earnings.
Estimated prospective earnings ratios and
"times covered" are based on corporate
tax of 49 per cent. and exclude
dividends.
* Rights and loans marked this have been
adjusted to allow for rights issues for
1972.
† Interim (or quarterly) since increased
or resumed.
‡ Quarterly since reduced or
discontinued or deferred.
* Not comparable; net divs. paid.

1 Banks and insurance: reserve allocations
 2 may precede calculations of
 3 dividend cover.
 4
 5 * Tax free. z Figures based on prospec-
 6 tus or other official estimate. z Centa.
 7 * Dividend yield on market value
 8 of capital, cover based on dividend on
 9 full capital. z Redemption yield. f Flat
 10 yield. s Assumed dividend and yield
 11 based on dividend and yield at start of
 12 issue. i Payment from capital sources.
 13 k After local taxes. m Interim bonus
 14 over previous total. n Rights issue pend-
 15 ing. o Previous cover there only
 16 indicated. e Estimated, based on pre-
 17 liminary figures. r Australian currency.
 18 s Dividends and yield exclude a special
 19 payment. t Indicated dividends cover re-
 20 duced earnings. v p/e ratio based on
 21 latest available earnings. w Previous
 22 dividend: cover based on previous year's
 23 earnings. y Tax-free up to 6% in the U.K.
 24 z Dividends and yield for currency
 25 v Dividend and yield based on merger
 26 terms. z Dividends and yield include a

1 Abbreviations: n/a ex dividend; z ac
 2 scrip issue; x p/e ratio; x ex ex re-
 3 turn; x ex x ex x ex x ex x ex x ex x

A copy of this Offer for Sale having attached thereto the documents specified below has been delivered to the Registrar of Companies for registration. Application has been made to the Council of The Stock Exchange, London, for permission to deal in and for quotation for the whole of the Ordinary Share Capital of the Company, issued and to be issued. The Application Lists for the Ordinary Shares now offered for sale will open at 10 a.m. on 18th November, 1971, and will close on the same day.

OIL EXPLORATION (HOLDINGS) LIMITED

(Incorporated in England under the Companies Acts 1948 to 1967)

SHARE CAPITAL

Authorised: £600,000 in 6,000,000 Ordinary Shares of 10p each Issued and to be Issued Fully Paid £600,000

At the close of business on Monday, 25th October, 1971, the total indebtedness of the Company and Oil Exploration Limited (which will become the Company's subsidiary) upon permission to deal in and quotation for the whole of the issued share capital of the Company being granted by The Stock Exchange, London) in respect of bank overdrafts and loans amounted to £228,794, all of which was unsecured. Save as aforesaid and apart from inter-company borrowings, neither the Company nor Oil Exploration Limited has outstanding debentures, bank overdrafts or other similar indebtedness, mortgages, charges, hire purchase commitments or (other than in the ordinary course of business) any other material contingent liabilities.

Ionian Bank Limited

Offer for Sale 1,500,000 Ordinary Shares of 10p each at 40p per share
(Payable in full on application)

Copies of this Offer for Sale (Incorporating Application Form) may be obtained from:

IONIAN BANK LIMITED, 64 Coleman Street, London EC2R 5BD; and

JOSEPH SEBAG & CO., 3 Queen Victoria Street, London EC4N 8DX, and 6 Bruton Street, London W1X 7AG.

Applications (which must be for a minimum of 200 Ordinary Shares or multiples thereof up to 1,000, or in multiples of 500 between 1,000 and 5,000, or in multiples of 1,000 between 5,000 and 10,000, and above 10,000 in multiples of 5,000) must be made on the application forms provided and be lodged with Ionian Bank Limited, New Issues Department, 25/31 Moorgate, London EC2R 6BA, together with a remittance for the full amount payable. Each application form must be accompanied by a separate cheque, drawn on a bank or a branch thereof in England, Scotland or Wales, and must be made payable to "Ionian Bank Limited" and crossed "Not Negotiable". All cheques may be presented for payment on receipt. Completion and delivery of an application form accompanied by the necessary cheque will constitute an undertaking that the cheque will be honoured on first presentation and attention is drawn to the declaration in the application form to the effect that the applicant understands this to be the case. If any application is not accepted the amount paid on application will be returned in full and if an

application is accepted for fewer shares than the number applied for, the balance of the amount paid on application will be returned, in each case by cheque through the post at the applicant's risk. The right is reserved to reject any application or to accept any application in part only and in particular to reject multiple or suspected multiple applications.

Arrangements have been made for the registration by the Company of the shares now offered free of stamp duty and registration fees in the names of the purchasers or of the persons in whose favour Letters of Acceptance have been renounced, provided that in cases of renunciation Letters of Acceptance (duly completed in accordance with the instructions contained therein) are lodged for registration not later than 7th January, 1972. Share Certificates will be ready for issue on and after 4th February, 1972.

Acceptance of applications (including underwriting applications) will be conditional upon the Council of The Stock Exchange, London, granting permission to deal in and quotation for the whole of the Ordinary Share Capital of the Company (issued and to be issued) not later than 24th November, 1971. Moneys paid in respect of applications will be returned if such permission and quotation are not granted by that date, and in the meantime will be retained in separate accounts.

The Ordinary Shares now offered will rank for all dividends hereafter declared or paid on the Ordinary Share Capital of the Company.

Directors

SAMUEL HAMBURGER (Chairman), 20 Finsbury Way, London, N.W.3
THE HON. EDWARD DAVID GRANT DAVIES, Canningly, Tregent, Newtown, Montgomeryshire
MALCOLM HUGH DEES MCALPINE, Highfields, Withyham, Haverfield, Sussex
THE HON. CHRISTOPHER LONEL BAULOL BRETT, Watlington Park, Watlington, Oxon

Secretary and Registered Office
IONIAN BANK LIMITED, 64 Coleman Street, London EC2R 5BD

Bankers

IONIAN BANK LIMITED, 64 Coleman Street, London EC2R 5BD
LLOYDS BANK LIMITED, 15 Chancery Lane, London EC2N 6AJ

Solicitors to the Company and to the Offer
ALLEN & OVERY, Chancery Lane, London EC2N 6AD

Auditors and Reporting Accountants
SPICER AND PEGLER, Chartered Accountants, 56-60 St. Mary Axe, London EC3A 8BJ

Brokers

JOSEPH SEBAG & CO., 3 Queen Victoria Street, London EC4N 8DX,
and THE STOCK EXCHANGE, LONDON.

Registrars

BARCLAYS BANK TRUST COMPANY LIMITED, Registration and New Issues Division, P.O. Box 123,
2 London Wall Buildings, London Wall, London EC2P 2BU

The following is a copy of a letter addressed to Ionian Bank Limited by the Chairman of the Company.

Gentlemen
In connection with your Offer for Sale of 1,500,000 Ordinary Shares of 10p each of Oil Exploration (Holdings) Limited ("the Company"), I have pleasure in giving you the following information.

HISTORY AND BUSINESS OF THE COMPANY

The Company is a public company and on 7th October, 1971, offered to acquire the entire issued share capital of Oil Exploration Limited ("OE") on a share exchange basis. At the date hereof the offers have been accepted in respect of more than 98% of both the Preference and Ordinary Shares of OE and have been declared unconditional subject only to allotment and to quotation being granted by The Stock Exchange, London in respect of the shares of the Company to be issued pursuant to the offers. The Company intends to operate the provisions of Section 209 of the Companies Act 1948 to acquire the outstanding shares of OE which will then become a wholly owned subsidiary of the Company. The Company has similar objects to those of OE mentioned below.

HISTORY AND BUSINESS OF OE

OE was incorporated as a private company on 27th February, 1964 and was converted into a public company on 22nd December, 1965, although no part of its capital has been quoted or dealt in on any stock exchange. The principal object of OE is to apply for concessions or licences to explore for and develop oil and natural gas deposits throughout the world, but in particular on the continental shelf of the North Sea. On 2nd July, 1964, OE entered into an agreement ("the Operating Agreement") with Phillips Petroleum Company ("Phillips") and others under which a consortium ("the Consortium") was formed with Phillips as Operator to apply for licences and explore for oil and natural gas in the U.K. sector of the North Sea. The members of the Consortium together with their participating percentages are as follows:—

| | % |
|---|-------|
| Phillips Petroleum Exploration U.K. Limited, a subsidiary of Phillips | 35.00 |
| Fina Exploration Limited, a subsidiary of Petrofina S.A. | 30.00 |
| AGIP Limited, a subsidiary of AGIP S.p.A. | 15.00 |
| Century Power and Light Limited, a subsidiary of Imperial Continental Gas Association | 7.22 |
| Plascom (1908) Limited, a subsidiary of Tarmac Limited | 4.26 |
| Halkyn District United Mines Limited, a subsidiary of Courtaulds Limited | 4.26 |
| OE | 4.26 |

At about the same time Phillips formed other consortia of which OE is not a member to explore in areas of the North Sea outside the U.K. sector.

The terms of the Operating Agreement (and subsequent amendments thereto) enable OE as a member of the Consortium to participate within a defined area ("the Contract area") in any exploration programme or application for licences. The Contract area consists of the entire U.K. sector of the North Sea south of 59° and north of 51° with the exception of certain blocks in respect of which OE elected in January, 1970, not to participate in applying for licences (Contract No. (1) below). The Operating Agreement further provides that no member of the Consortium may attempt to acquire licences or concessions independently. Each member has the right to elect not to participate in the acquisition of a particular licence or concession, in which case its participating percentage is to be shared by the other members. If the members agree as to the basis of acquiring a particular licence or concession, each of the parties has the right to apply or negotiate independently. Phillips as Operator is responsible to the Consortium for the management of all exploration and development activities subject only to the overall authority of the Operating Committee, on which all members of the Consortium have a vote proportionate to their participating percentage. Each member of the Consortium provides a share of all exploration and development expenses in proportion to his participating percentage, and in accordance with expenditure budgets laid down from time to time by the Operating Committee. Similarly, each member of the Consortium has a right to share in the proceeds of any gas or oil which is discovered. No charge is made by Phillips for technical expertise and know-how other than the cost of salaries, pay roll expenses and overheads attributable to the Consortium activities.

Since the Operating Agreement was signed the members of the Consortium including OE have been awarded a number of production licences under the Continental Shelf Act 1964. These licences originally covered a total of 25 blocks, the majority of approximately 240 sq. kms. each, on which a total of 20 "wildcat" or exploration wells have been drilled. A number of these blocks and parts thereof have now been relinquished under the terms of the licences.

In May, 1968, the Consortium's first well was completed and significant quantities of gas were discovered in a structure known as "the Forties". Subsequent drilling by Phillips acting as Operator and the proceeds divided, 54.2 per cent. to members of the Consortium and 45.8 per cent. to the members of the Arpet Group. This gives OE a 2.30892 per cent. interest in the whole Hewett Field.

In February, 1967 the Arpet Group discovered natural gas in a block about 18 miles north east of Bacton on the Norfolk coast. Subsequent drilling by the Consortium in an adjacent block to the south east revealed the existence of a substantial gas field, now known as the Hewett Field.

In March, 1968, after protracted negotiations, the Consortium entered into a long-term contract with the Gas Council for the sale of gas from the Hewett Field. This was the first such contract to be negotiated by any of the companies exploring in the North Sea.

Early in 1968 the members of the Consortium signed a "unitisation" agreement with the members of the Arpet Group under which the field is being developed as a single entity by Phillips acting as Operator and the proceeds divided, 54.2 per cent. to members of the Consortium and 45.8 per cent. to the members of the Arpet Group. This gives OE a 2.30892 per cent. interest in the whole Hewett Field. Whilst the negotiations for these contracts were in progress, the Consortium and the Arpet Group were proceeding with the development of the Hewett Field facilities. These involved the construction of fixed platforms for development wells, the laying of a 30-inch pipeline to shore and the construction of a plant at Bacton to process the gas before delivery to the Gas Council's plant nearby. By the summer of 1969 the major part of these facilities had been installed and delivery of gas to the Gas Council began on 12th July in that year. Meanwhile the Consortium had discovered further reserves of gas in areas some 5-10 miles north of the Hewett Field which extended into an area licensed to the Arpet Group; these reserves were also unitised with the Arpet Group on the same basis as the Hewett Field and, after further lengthy negotiations, terms were agreed with the Gas Council in April, 1971, for the sale of the recoverable reserves in those areas on substantially the same conditions as those of the main Hewett Field contract. The same facilities will be used to transport and deliver the gas.

Under the terms of the Gas Council contracts, the Gas Council has undertaken to purchase the entire estimated recoverable reserves of the Hewett and North of Hewett Fields ("Hewett") over a period of up to 25 years. Up to September, 1970, the members of the Consortium together with the members of the Arpet Group have undertaken to produce certain minimum annual quantities, and the Gas Council has undertaken to pay for such minimum quantities. Hewett reserves are to be re-determined by the 1st January, 1974, and from October, 1975, minimum annual quantities will be based on such re-determination of reserves. Hewett will not, in any event, reach full production until 1974 and based on operating experience to date, the Consortium and the Arpet Group expect it to remain on full production for between five and eight years thereafter and then to taper off gradually until production ceases to be economic by 1994. The contracts with the Gas Council also provide some degree of protection against monetary inflation by means of revisions at three-yearly intervals of the initial sale prices based on indices reflecting changes in industrial costs and in the prices of competitive fuels. The first such revision will take place in 1972.

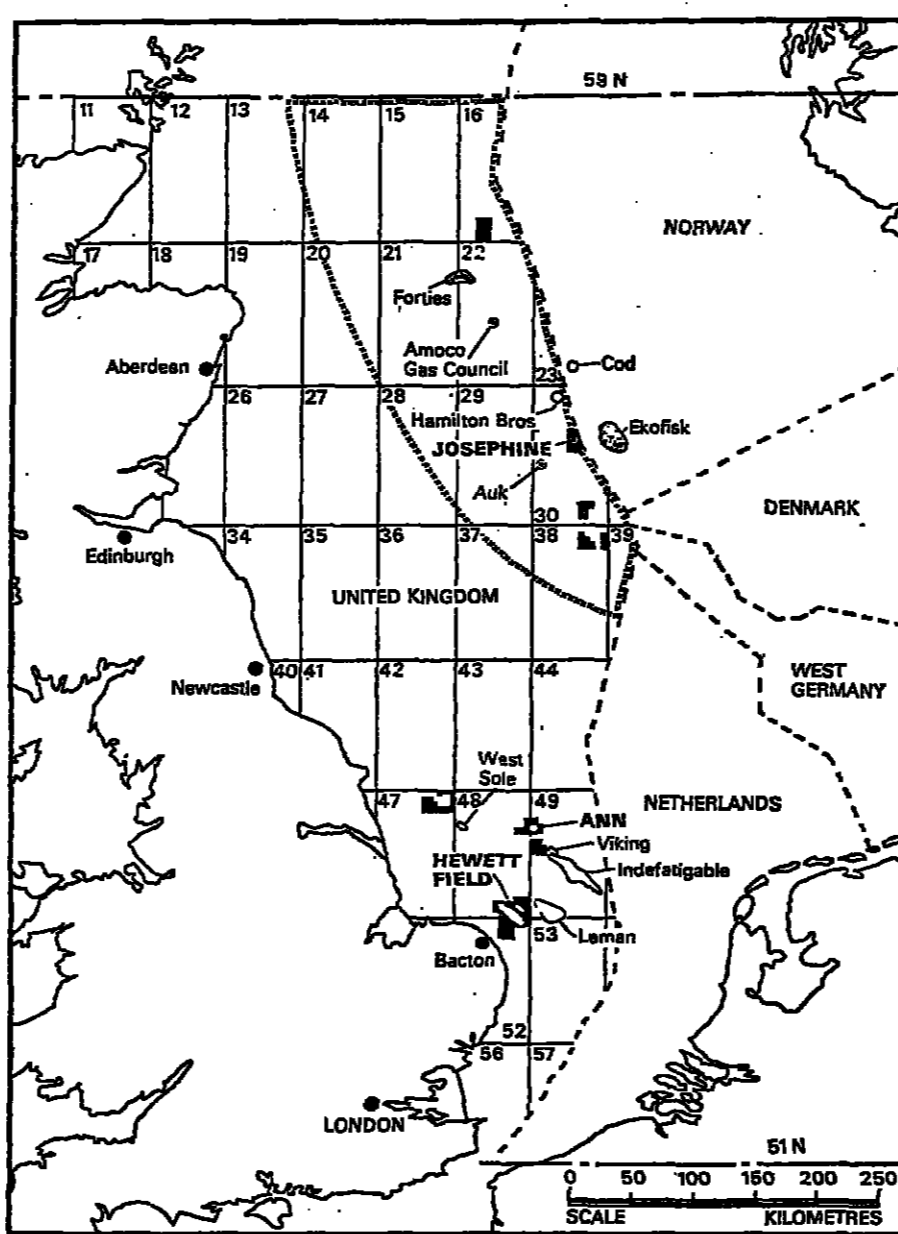
Since the beginning of 1970 a number of important oil discoveries have been made in the North Sea. In May of that year, Phillips, as Operator for another consortium of which OE is not a member, discovered the Ekofisk field in Norwegian waters, which, on the basis of its estimated reserves, appears to be one of the largest off-shore fields in the world; in October, 1971, BP and Shell-Eso having drilled in adjacent blocks in the U.K. sector announced the discovery of a major oil reservoir known as the Forties Field.

In September, 1970, the Consortium of which OE is a member discovered oil in the U.K. sector about 25 miles west of Ekofisk on a structure known as "Josephine". Owing to technical difficulties the find could not be properly tested. The Consortium plans to drill at least one further well in 1972 to ascertain the importance of this discovery.

In August, 1971, OE as a member of the Consortium participated fully in the Consortium's applications within the Contract area for licences which were offered at that time by the Department of Trade and Industry ("the DTI"). Fifteen "premium" blocks were offered for licence by means of tender. The Consortium submitted tenders for three of these and was awarded one—block 18/27, for which the Consortium's successful tender was £637,666, OE's 4.26 per cent. share being £27,165. At the same time, the Consortium applied for a total of 22 other blocks, all of which are within the area indicated on the map. The outcome of these applications will probably not be announced until early in 1972, at which time licences will be awarded mainly on the basis of exploration programmes negotiated with the DTI, no "premium" being payable.

OE's present interests in the U.K. sector of the North Sea can be summarised as follows (see map):—

- A 2.30892 per cent. interest in the following blocks which contain Hewett:—
48/28 (part) 52/4
48/29 (part) 52/5 (part)
48/30
A 4.26 per cent. interest in the following blocks:—
16/27 (The "premium" block referred to above) 47/4 (part)
30/13 (Josephine) 47/5 (part)
30/29 (part) 48/10 (part)
38/4 (part) 48/6 (part) Ann
38/5 (part) 48/11 (part)
A 4.26 per cent. interest in the applications mentioned above for 22 blocks.



UNITED KINGDOM NORTH SEA OFF-SHORE LICENCE AREAS

Areas in which OE has an interest through its participation in the Consortium

Oil fields

Oil discoveries

Gas fields

Gas and gas condensate discoveries

Boundary of area within which OE applied for 22 blocks in August 1971

(This map is for the purpose of illustration only and all boundaries and positions marked thereon are approximate.)

1 2 3 4 5

6 7 8 9 10

11 12 13 14 15

16 17 18 19 20

21 22 23 24 25

26 27 28 29 30

31 32 33 34 35

36 37 38 39 40

41 42 43 44 45

46 47 48 49 50

51 52 53 54 55

56 57 58 59 60

61 62 63 64 65

66 67 68 69 70

71 72 73 74 75

76 77 78 79 80

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INTERIM STATEMENT

UNILEVER N.V.

DIVIDENDS ON CERTIFICATES FOR ORDINARY SHARES
issued by

N.V. NEDERLANDSCH ADMINISTRATIE EN TRUSTKANTOOR

An interim dividend in respect of the year 1971 of FL 2.51 per FL 30 nominal amount of Ordinary Capital of Unilever N.V. has been declared. This dividend is equivalent to the interim dividend in respect of the year 1970 declared on the Ordinary Capital of Unilever Limited calculated in accordance with the Equalisation Agreement between the two companies.

A similar dividend will be paid to holders of the above Certificates on and after 15th December, 1971 as follows: CERTIFICATES FOR SUB-SHARES OF FL 12 IN THE NAME OF MIDLAND BANK EXECUTOR AND TRUSTEE COMPANY LIMITED.

The dividend is equivalent to FL 1.206 per Sub-share and will be paid against Serial No. 87. Having regard to the fact that Dutch dividend tax given by certain Conventions concluded by the Netherlands for the avoidance of double taxation, the sterling amount payable per Sub-share is as follows:

| | Where the Sub-shareholder is a resident of— | | | |
|---|---|--|-----------|-----------|
| | The United Kingdom | Any other country and in all other cases | | |
| and the shares are not effectively connected with a business carried on through a permanent establishment in the Netherlands—See Note (a) | new pence | new pence | new pence | new pence |
| and the shares are effectively connected with a business carried on through a permanent establishment in the Netherlands—See Note (b) | new pence | new pence | new pence | new pence |
| and the shares are effectively connected with a business carried on through a permanent establishment in the Netherlands—See Note (c) | new pence | new pence | new pence | new pence |
| and the shares are effectively connected with a business carried on through a permanent establishment in the Netherlands—See Note (d) | new pence | new pence | new pence | new pence |
| and the shares are effectively connected with a business carried on through a permanent establishment in the Netherlands—See Note (e) | new pence | new pence | new pence | new pence |
| and the shares are effectively connected with a business carried on through a permanent establishment in the Netherlands—See Note (f) | new pence | new pence | new pence | new pence |
| and the shares are effectively connected with a business carried on through a permanent establishment in the Netherlands—See Note (g) | new pence | new pence | new pence | new pence |
| and the shares are effectively connected with a business carried on through a permanent establishment in the Netherlands—See Note (h) | new pence | new pence | new pence | new pence |
| and the shares are effectively connected with a business carried on through a permanent establishment in the Netherlands—See Note (i) | new pence | new pence | new pence | new pence |
| and the shares are effectively connected with a business carried on through a permanent establishment in the Netherlands—See Note (j) | new pence | new pence | new pence | new pence |
| and the shares are effectively connected with a business carried on through a permanent establishment in the Netherlands—See Note (k) | new pence | new pence | new pence | new pence |
| and the shares are effectively connected with a business carried on through a permanent establishment in the Netherlands—See Note (l) | new pence | new pence | new pence | new pence |
| and the shares are effectively connected with a business carried on through a permanent establishment in the Netherlands—See Note (m) | new pence | new pence | new pence | new pence |
| and the shares are effectively connected with a business carried on through a permanent establishment in the Netherlands—See Note (n) | new pence | new pence | new pence | new pence |
| and the shares are effectively connected with a business carried on through a permanent establishment in the Netherlands—See Note (o) | new pence | new pence | new pence | new pence |
| and the shares are effectively connected with a business carried on through a permanent establishment in the Netherlands—See Note (p) | new pence | new pence | new pence | new pence |
| and the shares are effectively connected with a business carried on through a permanent establishment in the Netherlands—See Note (q) | new pence | new pence | new pence | new pence |
| and the shares are effectively connected with a business carried on through a permanent establishment in the Netherlands—See Note (r) | new pence | new pence | new pence | new pence |
| and the shares are effectively connected with a business carried on through a permanent establishment in the Netherlands—See Note (s) | new pence | new pence | new pence | new pence |
| and the shares are effectively connected with a business carried on through a permanent establishment in the Netherlands—See Note (t) | new pence | new pence | new pence | new pence |
| and the shares are effectively connected with a business carried on through a permanent establishment in the Netherlands—See Note (u) | new pence | new pence | new pence | new pence |
| and the shares are effectively connected with a business carried on through a permanent establishment in the Netherlands—See Note (v) | new pence | new pence | new pence | new pence |
| and the shares are effectively connected with a business carried on through a permanent establishment in the Netherlands—See Note (w) | new pence | new pence | new pence | new pence |
| and the shares are effectively connected with a business carried on through a permanent establishment in the Netherlands—See Note (x) | new pence | new pence | new pence | new pence |
| and the shares are effectively connected with a business carried on through a permanent establishment in the Netherlands—See Note (y) | new pence | new pence | new pence | new pence |
| and the shares are effectively connected with a business carried on through a permanent establishment in the Netherlands—See Note (z) | new pence | new pence | new pence | new pence |

(a) In such case Dutch dividend tax is deducted at 25% and from the balance the U.K. paying agent deducts 23.75% of the gross amount. In the Netherlands the 25% dividend tax suffered will be allowed as a credit against the tax payable on the profits of the establishment.

(b) Under the Anglo-Dutch Convention such shareholders are entitled to a reduction in Dutch dividend tax from 25% to 15%. On collection of the dividend in the U.K. the paying agent deducts tax of 23.75% of the gross amount. This represents a credit against the standard U.K. rate (28.75%) for the 15% Dutch dividend tax already suffered.

(c) Shareholders resident in Austria, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Italy, Japan, Luxembourg, the Netherlands Antilles, Norway, Singapore, South Africa, Spain, Surinam, Sweden, Switzerland, or the United States of America may be entitled to full or partial relief from Dutch dividend tax. A statement of the procedure which must be followed for such relief can be obtained from Midland Bank Limited, New Issue Department, Austin Friars House, Austin Friars, London, EC2P 2JU, or the London Transfer Office, Unilever House, Blackfriars, London, EC4 4BQ.

(d) An Inland Revenue Affidavit of non-residence in the United Kingdom must be produced. To obtain payment of the above dividends, sub-share certificates must be lodged for marking with one of the following: Midland Bank Limited, New Issue Department, Austin Friars House, Austin Friars, London EC2P 2JU; Northern Bank Limited, 3 Waring Street, Belfast BT1 2EE; Royal Bank of Ireland Limited, Securities Department, 3/4 Foster Place, Dublin; Caledonian Bank Limited, 30 St. Vincent Place, Glasgow.

Certificates must be used on a special form obtainable from the above named banks and left five clear days for completion. As evidence of payment Certificates will be endorsed under date 15th December, 1971.

Having regard to the double taxation Conventions referred to above the amounts payable per Certificate are as follows:

| | Where the Certificate holder is a resident of— | | | |
|---|--|--|-----------|-----------|
| | The United Kingdom | Any other country and in all other cases | | |
| and the shares are not effectively connected with a business carried on through a permanent establishment in the Netherlands—See Note (a) above | new pence | new pence | new pence | new pence |
| and the shares are effectively connected with a business carried on through a permanent establishment in the Netherlands—See Note (b) above | new pence | new pence | new pence | new pence |
| and the shares are effectively connected with a business carried on through a permanent establishment in the Netherlands—See Note (c) above | new pence | new pence | new pence | new pence |
| and the shares are effectively connected with a business carried on through a permanent establishment in the Netherlands—See Note (d) above | new pence | new pence | new pence | new pence |
| and the shares are effectively connected with a business carried on through a permanent establishment in the Netherlands—See Note (e) above | new pence | new pence | new pence | new pence |
| and the shares are effectively connected with a business carried on through a permanent establishment in the Netherlands—See Note (f) above | new pence | new pence | new pence | new pence |
| and the shares are effectively connected with a business carried on through a permanent establishment in the Netherlands—See Note (g) above | new pence | new pence | new pence | new pence |
| and the shares are effectively connected with a business carried on through a permanent establishment in the Netherlands—See Note (h) above | new pence | new pence | new pence | new pence |
| and the shares are effectively connected with a business carried on through a permanent establishment in the Netherlands—See Note (i) above | new pence | new pence | new pence | new pence |
| and the shares are effectively connected with a business carried on through a permanent establishment in the Netherlands—See Note (j) above | new pence | new pence | new pence | new pence |
| and the shares are effectively connected with a business carried on through a permanent establishment in the Netherlands—See Note (k) above | new pence | new pence | new pence | new pence |
| and the shares are effectively connected with a business carried on through a permanent establishment in the Netherlands—See Note (l) above | new pence | new pence | new pence | new pence |
| and the shares are effectively connected with a business carried on through a permanent establishment in the Netherlands—See Note (m) above | new pence | new pence | new pence | new pence |
| and the shares are effectively connected with a business carried on through a permanent establishment in the Netherlands—See Note (n) above | new pence | new pence | new pence | new pence |
| and the shares are effectively connected with a business carried on through a permanent establishment in the Netherlands—See Note (o) above | new pence | new pence | new pence | new pence |
| and the shares are effectively connected with a business carried on through a permanent establishment in the Netherlands—See Note (p) above | new pence | new pence | new pence | new pence |
| and the shares are effectively connected with a business carried on through a permanent establishment in the Netherlands—See Note (q) above | new pence | new pence | new pence | new pence |
| and the shares are effectively connected with a business carried on through a permanent establishment in the Netherlands—See Note (r) above | new pence | new pence | new pence | new pence |
| and the shares are effectively connected with a business carried on through a permanent establishment in the Netherlands—See Note (s) above | new pence | new pence | new pence | new pence |
| and the shares are effectively connected with a business carried on through a permanent establishment in the Netherlands—See Note (t) above | new pence | new pence | new pence | new pence |
| and the shares are effectively connected with a business carried on through a permanent establishment in the Netherlands—See Note (u) above | new pence | new pence | new pence | new pence |
| and the shares are effectively connected with a business carried on through a permanent establishment in the Netherlands—See Note (v) above | new pence | new pence | new pence | new pence |
| and the shares are effectively connected with a business carried on through a permanent establishment in the Netherlands—See Note (w) above | new pence | new pence | new pence | new pence |
| and the shares are effectively connected with a business carried on through a permanent establishment in the Netherlands—See Note (x) above | new pence | new pence | new pence | new pence |
| and the shares are effectively connected with a business carried on through a permanent establishment in the Netherlands—See Note (y) above | new pence | new pence | new pence | new pence |
| and the shares are effectively connected with a business carried on through a permanent establishment in the Netherlands—See Note (z) above | new pence | new pence | new pence | new pence |

The dividend will be paid against surrender of Coupon No. 87. Coupons can be encashed through Midland Bank Limited, New Issue Department, Austin Friars House, Austin Friars, London EC2P 2JU or through one of the paying agents in the Netherlands.

Coupons encashed through Midland Bank Limited must be listed on a special form obtainable from that Bank which contains a declaration that the Certificates to which the coupons relate do not belong to a resident of the Netherlands. A statement of the procedure which must be followed when coupons are encashed through a paying agent in the Netherlands and the names of those agents can be obtained from Midland Bank Limited, New Issue Department, Austin Friars House, Austin Friars, London, EC2P 2JU or the London Transfer Office, Unilever House, Blackfriars, London, EC4 4BQ.

The proceeds from the encashment of coupons through a paying agent in the Netherlands will be credited to a sterling current account with a bank or broker in the Netherlands.

N.V. NEDERLANDSCH ADMINISTRATIE EN TRUSTKANTOOR
London Transfer Office, Unilever House, Blackfriars, London, EC4 4BQ.
November, 1971.

OIL EXPLORATION (HOLDINGS) LIMITED — continued

8. The turnover, being the proportion of the Consortium's gross sales of gas and natural gasoline applicable to OE, for the 18th months ended 31st December, 1969 (the period in which sales first arose), was £54,718, in the year ended 31st December, 1970, £192,243, and in the half-year ended 30th June, 1971, £167,748.

10. The net tangible assets attributable to Holdings as shown by the audited accounts of OE as at 30th June, 1971, after taking account of the net proceeds of the proposed issue of 1,050,000 shares by Holdings were—

| | £ | £ |
|---|---------|---|
| FIXED ASSETS | | |
| Exploration expenditure to 30th June, 1971, less investment grants | 484,814 | |
| Less: Amounts written off | 484,814 | |
| Development expenditure after deduction of investment grants (see paragraph 11 below) | 478,252 | |
| Less: Depreciation | 17,820 | |
| | 460,432 | |
| CURRENT ASSETS | | |
| Stores and tools (see paragraph 11 below) | 12,858 | |
| Investment grants receivable | 7,115 | |
| Debtors | 28,374 | |
| Bank balances | 81,908 | |
| | 130,255 | |
| Less: CURRENT LIABILITIES | | |
| Creditors and accrued charges | 51,289 | |
| Taxation (see paragraph 12 below) | 16,567 | |
| | 67,856 | |
| NET CURRENT ASSETS | 62,297 | |
| Less: SHORT TERM LOAN (see paragraph 14 below) | 280,728 | |
| | 342,725 | |
| Proceeds of the proposed issue of 1,050,000 shares less estimated expenses | 370,000 | |
| NET TANGIBLE ASSETS | 610,725 | |

11. Development expenditure and stores and tools represent OE's proportionate interest in the Consortium's total expenditure on these assets.

12. The liability for taxation incorporates a provision for a potential liability which will arise if the completion of the Inland Revenue as to the date of commencement of trade is sustained. Negotiations are currently taking place to establish this date of commencement of trade which OE submits to have been May, 1968, when gas was first discovered, and the Inland Revenue submit to have been July, 1968, when gas was first sold. Losses for tax purposes are not yet finally agreed with the Inland Revenue but are estimated to amount to not less than £380,000 at 30th June, 1971, of which approximately £170,000 is represented by tax allowances in respect of capital expenditure in excess of depreciation charged in the accounts to that date.

13. No provision has been made in the above statement of net tangible assets for costs, estimated to amount to £1,500, relating to the offers by Holdings to acquire the whole of the issued share capital of OE.

14. At 30th June, 1971, OE had a short-term bank loan of £280,000; this has subsequently been repaid and new short-term loan facilities amounting to £250,000 negotiated.

15. According to long-term projections, OE's share of further development of the consortium's oil and gas reserves will amount to approximately £1,000,000, of which the Hewett Unit Operating Committee has so far approved £240,000. In August, 1971, the Consortium applied to the Department of Trade and Industry for further exploration licences. A licence in respect of one block, 18/27, was granted to the Consortium as a condition of which OE's share is £22,185, which will be capitalised and written off in the year ending 31st December, 1971. The result of other applications will probably not be known until early in 1972.

16. OE has paid no dividends.

17. No audited accounts have been prepared in respect of Holdings since its incorporation or in respect of OE for any period subsequent to 30th June, 1971.

Yours faithfully,
SPICER AND FEGLER,
Chartered Accountants.

STATUTORY AND GENERAL INFORMATION

Share Capital. The Company was incorporated in England on 22nd September, 1971 as a private company and converted to a public company on 12th November, 1971. It has an authorised share capital of £800,000, divided into 8,000,000 Ordinary Shares of 10p each, of which 1,050,000 are intended to be issued and fully paid up as a result of this Offer for Sale and 4,950,000 are intended to be issued as a result of the Offer mentioned below.

In 7th October, 1971, the Company made offers to the shareholders of OE (Contract No. (2) below) to acquire the whole of the issued share capital of OE in exchange for shares in the Company.

Subject to the fulfilment of the conditions referred to above under the heading "History and Business of the Company", OE will become the sole subsidiary of the Company. OE was incorporated in England on 27th February, 1964, and has an issued and fully paid share capital consisting of £500,000, divided into 475,000 10p shares. Non-convertible Redeemable Preference Shares of £1 each and 500,000 Ordinary Shares of 5p each.

(a) In 12th November, 1971, the Company passed Special Resolutions:

(i) increasing the authorised capital of the Company from £100 to £800,000 by the creation of 5,999,000 Ordinary Shares of 10p each;

(ii) converting the Company into a public company; and

(iii) adopting new Articles of Association.

Offer for Sale Contract. (3) below Ionian Bank Limited has agreed, subject to allotment and subject to permission to deal with and quotation for the whole of the Ordinary Shares of the Company (issued and to be issued) being granted by the Council of The Stock Exchange, London, not later than 24th November, 1971, to:

(a) purchase from the Vendor named therein a total of 450,000 Ordinary Shares of 10p each in the Company at 40p per share;

(b) subscribe for 1,050,000 Ordinary Shares of 10p each in the Company at 30p per share;

For payment in each case within seven days after such permission and quotation have been granted) with a view to such shares being offered to the public under this Offer for Sale. Under this contract the Company is paying the costs and expenses of and incidental to this Offer for Sale, including the costs of printing, advertising and distribution. Stock Exchange quotation fee, the charges of the solicitors and bankers, the cost of obtaining the Accountants' Report set out above, the expenses of the increase of capital (including capital duty) and a fee of £12,000 to Ionian Bank Limited.

The expenses borne by the Company are estimated at £39,500. Various underwriting agreements have been entered into by Ionian Bank Limited to which the Company is not a party.

Ionian Bank Limited will pay an underwriting commission of 1% (one per cent) free to the brokers and ad valorem stamp duty on the transfers to the public under this Offer for Sale of the 450,000 Ordinary Shares referred to in (1) above.

Articles of Association. The Articles of Association of the Company contain provisions (inter alia) to the following effect:—

Subject to any special rights attaching to any class of shares, on a show of hands every member personally present shall be entitled to one vote only, and in case of a poll every member present in person or by proxy shall be entitled to one vote for every share held by him.

The Directors shall be paid out of the funds of the Company by way of remuneration for their services as Directors such sum not exceeding £10,000 per annum as the Directors may determine and such larger sum as the Company shall from time to time in General Meeting determine and such remuneration shall be divided among them in such proportion and manner as the Directors may agree or, failing agreement, equally.

The Directors shall be entitled to be repaid by the Company all such reasonable travelling, hotel and other expenses as they may incur in attending and returning from meetings of the Directors or of committees of the Directors, or General Meetings to which they may otherwise incur in or about the business of the Company.

COMPANY NEWS

No profit from Black Clawson

AT BEST there will not be a profit for Black Clawson International in 1971, and the directors will not recommend a dividend.

For the first half the company has incurred a loss of £98,000, against £111,000 in the nine months to June 30, 1970. In the 15 months to end-1970 the company made a profit of £24,000 and paid a dividend of 2½ per cent—the U.S. parent company waived right to its entitlement.

This year began with an extremely high order book, but as a result of the depression in the economy, and particularly in the pulp and paper industry, the rate of incoming orders has fallen off drastically. This has inevitably led to a low work load for the factory. The directors have already announced a major redundancy as part of the action required to meet the situation.

The closure of the Cryodon office and the move of the sales department and design and drawing offices to Newport is now under way and will be complete by the end of the month. The reduced expenditure that will follow is part of the overall plan of cost reduction.

Trading loss 6 9 15
Amortisation expenses 400 500 3000
Prior profit 44 48 134
Loss before tax 98 311 74
Profit

Lloyd Rakusen loss £36,420

A small second half profit by Lloyd Rakusen (makers of pure foods) reduced the loss for the year to June 30, 1971 to £36,420 after a £36,550 (£37,586) deficit at half-way.

The loss takes into account the increased rates of depreciation now being adopted, which would have given a comparable loss for 1969-70 of £23,000. As referred to in the interim statement £62,770 has been written off plant and machinery and office equipment.

The dividend is again omitted. The previous payment was 6 per cent for 1968-69.

| | 1970-71 | 1969-70 |
|--------------------|---------|---------|
| Loss before tax | 34,420 | 35,376 |
| Tax adjustment | 5 | 2,375 |
| Tax on Corporation | — | 23 |
| Cap. expend. w/o | — | 2,375 |
| W/o on royalties | 62,770 | — |
| 1/2 cost of sale | 24 | — |
| Balance | 99,389 | 39,155 |
| Div. unreserved | 99,389 | 39,155 |
| Debit forward | 34,412 | 154,887 |
| 1 Credit | | |

NORTHBOROUGH

In response to the offer on behalf of Leslie Lay to purchase the shares of Northborough Investment Trust not already held by him and his associates at 72p per share, acceptances have been received for 17,790 shares. The offer has now been declared closed.

In ship repair and the other ocean industries
Hitachi Zosen is where the action is

This is Singapore. Strategically located on one of the world's busiest tanker routes. In the middle of the new western Pacific oil fields. Center of wide-ranging ocean development activities. And now, the home of Hitachi Zosen Ocean Development Co. (Pte) Ltd. (HOD)—a new joint venture of Hitachi Zosen and Robin Shipyard (of Singapore)—builds barges, pipe jackets, supply boats.

oil rigs and other ocean development equipment. HOD is a new joint venture of Hitachi Zosen and Robin Shipyard (of Singapore). HOD is just one example of Hitachi Zosen's capabilities. As part of the world's leading shipbuilders and a major plant engineering constructor, we can handle construction of any type of equipment, vessel, or structure for the ocean industries. Anywhere in the world.

HITACHI ZOSEN

HITACHI ZOSEN OCEAN DEVELOPMENT CO. (PTE) LTD.
Hitachi Zosen Corporation, Tokyo, Japan
Hitachi Zosen (Singapore) Pte. Ltd., 100 Robinson Road, Singapore
Hitachi Zosen (Malaysia) Sdn. Bhd., 100 Robinson Road, Singapore
Hitachi Zosen (Thailand) Co., Ltd., 100 Robinson Road, Singapore

HITACHI ZOSEN OCEAN DEVELOPMENT CO. (PTE) LTD., 100 Robinson Road, Singapore 1. Tel: 21435

FORM OF APPLICATION

THE APPLICATION LIST WILL OPEN AT 10 a.m. ON THURSDAY, 18th NOVEMBER, 1971, AND WILL CLOSE ON THE SAME DAY.

This Form should be filled in and forwarded to Ionian Bank Limited, New Issue Department, 28/21 Moorgate, London EC2R 6BA, together with a cheque for the full amount payable on application, so as to arrive not later than 10 a.m. on Thursday, 18th November, 1971. Cheques which must be drawn on a bank in the United Kingdom and be payable to the order of Ionian Bank Limited and be accompanied by "Not Negotiable" and are liable to be presented for payment on receipt. A separate cheque must accompany each application. No application will be considered unless these conditions are fulfilled.

IONIAN BANK LIMITED

OFFER FOR SALE

1,500,000 Ordinary Shares of 10p each at 40p per share
(Payable in full on application)

OIL EXPLORATION (HOLDINGS) LIMITED

To: IONIAN BANK LIMITED,
Gentlemen,

| Number of shares for which application is made * | Amount of cheque enclosed * |
|--|-----------------------------|
| £ | |

*Applications must be for a minimum of 200 shares; applications for up to 1,000 shares must be in multiples of 200 shares; between 1,000 and 5,000 shares in multiples of 500 shares; between 5,000 and 10,000 shares in multiples of 1,000 shares; and above 10,000 shares in multiples of 5,000 shares.

Examples of amounts payable on application:—

| | | | |
|---------------|---------|---------------|---------|
| 200 shares | £200 | 2,000 shares | £2,000 |
| 1,000 shares | £1,000 | 5,000 shares | £5,000 |
| 10,000 shares | £10,000 | 10,000 shares | £10,000 |

I/We enclose a cheque payable to Ionian Bank Limited for the above-mentioned sum, being the amount payable in full on application for the stated number of the above Ordinary shares of 10p each at 40p per share and I/we offer to purchase that number of shares and I/we agree to accept the same or any smaller number in full of which this application may be accepted upon the terms of your Offer for Sale dated 12th November, 1971 and subject to the Memorandum and Articles of Association of the Company. I/We authorities and request you to place my/our name(s) on the Register of Members of the Company as holder(s) of that number of shares in respect of which this application is accepted. I/We request that you send to me/us a fully paid non-renewable Letter of Acceptance in respect of such Ordinary shares, together with a cheque for any amount overpaid, by post at my/our risk to my/our address first given below.

An applicant who is unable to make the following Declaration should delete it and consult an Authorised Depositary* (or an Approved Agent in the Irish Republic) through whom lodgement should be effected.

I/We declare that I am/we are not resident outside the Scheduled Territories and am/are not acquiring the Ordinary shares as the nominee(s) of any person(s) resident outside those Territories.

I/We understand that due completion and delivery of this Application Form accompanied by a cheque will constitute an undertaking that the cheque will be honoured on first presentation.

Signature. Dated. November, 1971.

PLEASE USE BLOCK LETTERS

| | |
|---------|------------|
| Surname | Mr., Mrs., |
|---------|------------|

Applications have been made to the Council of The Stock Exchange, London for permission to deal in and for quotation for the whole of the share capital, issued and now being issued, of the Company. The Application List for the Ordinary shares now offered will open at 10 A.M. on 18th November, 1971 and may be closed at any time thereafter on the same day.

SINGER & FRIEDLANDER LIMITED

Offer for Sale 1,050,000 Ordinary shares of 10p each at 84p per share

Payable in full on application of

ALIDA PACKAGING COL LIMITED

("Alida")

SHARE CAPITAL

Authorised
£400,000 in 4,000,000 Ordinary shares of 10p each

Issued and now being issued fully paid
£300,000

The Ordinary shares now offered rank in full for all dividends hereafter declared or paid on the issued ordinary share capital. Alida has outstanding a secured bank overdraft which on 1st November, 1971 amounted to £162,123, secured loans of £71,805 (of which £60,000 is to be repaid out of the net proceeds of the issue of shares referred to below) and hire-purchase commitments which on the same date aggregated £43,594. Save as aforesaid, and apart from inter-company transactions, neither Alida nor any subsidiary has outstanding any bank overdrafts or other similar indebtedness, loan capital, mortgages, debentures, charges, hire-purchase commitments or (save in the ordinary course of business) any material guarantees or other material contingent liabilities.

Applications (which must be for a minimum of two hundred shares and in multiples of one hundred shares up to two thousand shares, in multiples of one thousand shares up to twenty thousand shares, and thereafter in multiples of five thousand shares) must be made on the Application Forms provided and forwarded to Singer & Friedlander Limited, New Issue Department, Walker House, 87 Queen Victoria Street, London EC4V 4AN to arrive not later than 10 a.m. on 18th November, 1971. Each Application Form must be accompanied by a separate cheque (drawn on a bank or branch thereof in England, Scotland or Wales) in respect of the full amount payable on application made payable to Singer & Friedlander Limited and crossed "S. & F. Co. Not Negotiable". No application will be considered unless the above conditions are fulfilled. Singer & Friedlander Limited reserves the right to present all cheques for

payment on receipt, to retain Letters of Acceptance and surplus application moneys pending the clearance of all cheques and to reject applications and, in particular, multiple and suspected multiple applications.

Preferential consideration will be given in respect of a maximum of 50,000 Ordinary shares to applications made by employees (other than the Directors) on the special forms provided for the purpose. Such applications must be for a multiple of 100 shares with a minimum of 100 shares.

Acceptance of applications will be conditional upon the granting of permission to deal in and quotation for the whole of the share capital, issued and now being issued, of Alida by the Council of The Stock Exchange, London not later than 26th November, 1971. Moneys paid in respect of applications will be returned if such permission and quotation have not been granted by that date and, in the meantime, will be retained in a separate account.

If any application is not accepted the amount paid on application will be returned in full and, if any application is accepted for fewer shares than applied for, the balance of the amount paid on application will be returned by cheque through the post, in either case at the applicant's risk.

Letters of Acceptance will be renounceable up to and including 14th January, 1972. The shares now being offered for sale will be registered free of stamp duty and registration fees in the names of the purchasers or persons in whose favour Letters of Acceptance have been renounced, provided that, in the case of renunciation, Letters of Acceptance duly completed in accordance with the instructions contained therein are lodged for registration on or before 14th January, 1972. Share certificates will be ready for delivery on and after 1st February, 1972.

Copies of this Offer with Application Forms can be obtained from—

Singer & Friedlander Limited
New Issue Department, Walker House, 87 Queen Victoria Street, London EC4V 4AN
123 Hagley Road, Edgbaston, Birmingham B16 8LP
Westminster House, Park Row, Leeds LS1 5BQ
39 Bridlemouth Gate, Nottingham NG1 2GQ
14 St. Vincent Place, Glasgow G1 2TU

L. Messel & Co.
Winchester House, 100 Old Broad Street, London EC2P 2HX

National Westminster Bank Limited
34 Bath Street, Ilkeston, Derbyshire DE7 8GW
28 Ingate, Derby DE1 3HP
16 South Parade, Nottingham NG1 2JX

A copy of this Offer for Sale, having attached thereto the documents specified below, has been delivered to the Registrar of Companies for registration.

THE INDUSTRY

Low-density polythene is the principal material used in flexible plastic packaging. The table below shows the growth in consumption of low-density polythene in the United Kingdom since 1965. Polythene is hygienic, durable, water-proof, flexible and transparent; it is also easy to use, store and handle and can compete in price with other packaging materials. The increasing use of polythene as a packaging material suggests that much of this growth has been obtained at the expense of more traditional materials such as paper and board and that growth will continue at a substantial rate.

United Kingdom consumption of low-density polythene in film and sheet

| Calendar Year | 1965 | 1966 | 1967 | 1968 | 1969 | 1970 |
|---------------|--------|--------|--------|---------|---------|---------|
| Tons | 54,900 | 70,700 | 87,500 | 106,700 | 131,000 | 144,000 |

The above table has been compiled from figures published by the magazine "Plastic Packaging".

Low-density polythene is normally used as a loose wrapping, but increasing use of this type of film can be made to shrink round the product, thereby producing a close wrapping which is now being used, in particular, for packaging many types of food. Another aspect of the industry is the increasing interest in the use of packaging materials made from high-density polythene, which has qualities similar to those of glass and is stronger.

HISTORY

Alida was incorporated on 8th April, 1968 under the name Alida Print & Packaging Co. Limited to acquire the business of wholesalers of polythene bags which had been founded approximately six months previously by three partners, two of whom were Mr. R. H. Morley and Mr. H. A. Coward. The name was changed to the present name on 17th January, 1969. Alida has two wholly owned subsidiaries, neither of which is now trading: Alida Extrusions Limited was incorporated on 13th July, 1968 to produce and export polythene extrusions; Alida Engineering Limited, which it sold exclusively to Alida, and ceased to trade on 31st March, 1971. Alida Engineering Limited was incorporated on 10th January, 1969 to provide general engineering services for Alida and ceased to trade on 31st March, 1970. All the assets of the two subsidiaries were transferred to Alida, which now carries on the entire business.

The business of the partnership was conducted from premises on the outskirts of Nottingham but shortly after the incorporation of Alida larger premises were acquired at Ilkeston, Derbyshire, where in addition to the original wholesale business Alida began the conversion into bags of polythene film purchased from outside suppliers. The premises at Ilkeston proved too small for the expanding business and in September, 1967 it was moved again to a new freehold factory and office block at Heanor Gate Industrial Estate, Heanor, Derbyshire; during the following twelve months new plant and equipment was purchased which enabled Alida to commence manufacture from the basic raw material and in 1970 and early 1971 adjacent land and premises were acquired to allow for the further expansion of the business.

BUSINESS

The business of Alida now consists of producing polythene film and bags and printing them to customers' specifications. Alida has concentrated on the manufacture of film and bags from low-density polythene. The process of manufacture comprises three main operations, the extrusion of polythene film from the raw material, printing (if required) and bag making. The printing is done in a separate plant, which is leased and situated under pressure, producing lengths of plain or coloured polythene film between 1 inch and 90 inches wide and of various thicknesses. The film can be over-printed to the customer's requirements in combinations of up to four colours; during the six months ended 30th September, 1971, approximately 25 per cent. of Alida's sales were of film and bags which have been printed in this way. The bag-making machinery converts the printed film into bags in a wide variety of sizes and styles. While its existing machinery Alida is able to produce bags ranging in width from 1 inch to 90 inches and to any length which the customer might be expected to require.

A small proportion of Alida's production of low-density polythene is already used for shrink-wrapping, a market which the Directors consider will continue to grow. Alida has also produced polythene bags for the printing of polythene but this is not sufficiently profitable; Alida intends to purchase machines which are now being developed for the production of high-density polythene at higher output rates and these are expected to be available during 1972. The main source of supply of polythene is major petro-chemical companies. Although during the six months ended 30th September, 1971, Alida purchased approximately 80 per cent. of its requirements from two suppliers, Alida has no long term buying arrangements and is thus able to maintain an independent and highly flexible buying policy.

During the six months ended 30th September, 1971 approximately 22 per cent. of Alida's turnover represented film sold in reeled form to merchants, to other makers of polythene bags and to a variety of industrial customers who use the film as a protective covering for their own products. The remaining 78 per cent. of turnover represented film which had been converted by Alida into printed bags and sold to merchants and industrial and retail outlets.

At 30th September, 1971 there were approximately 1,500 active customer accounts. In the six months to 30th September, 1971, sales to merchants accounted for about 44 per cent. of Alida's turnover. These merchants in many instances operate as specialised suppliers of packaging materials in their districts and carry stocks of polythene in both reeled and bag form, carrying these stocks the merchants are able to offer a specialised and immediate service to their customers. Alida's policy is to continue to encourage the growth of merchandising outlets.

In addition to the retail distribution industry, in which Alida's products are principally used for packaging foodstuffs, textiles, stationery and hardware, other important users are in the engineering, pharmaceutical and chemical, furniture and motor industries. Alida also supplies numerous regional, national and local authorities. In the six months ended 30th September, 1971, no one merchant or other customer accounted for more than 4 per cent. of Alida's sales. Customers include—

The Boots Company Limited
H. Corah (Shropshire) Limited
Lindfield Motors (Gloucestershire) Limited
The Nestlé Company Limited
Spicer-Cowan Limited
John Player & Sons
Crompton Hosiery (Gloucestershire) Limited
Key-Terrain Limited (a subsidiary of Reed International Limited)

Alida places its emphasis on service to the customer. Sales are effected through eleven representatives and four agents. Alida's support of the merchants among its customers is another aspect of its policy of providing a fast and reliable source of supply of packaging materials to the customers' special requirements. Alida's machinery and factory premises are very modern; its ability to provide this service to its customers is enhanced by the efficient use of its production facilities which are kept in constant operation day and night for seven days per week.

PLANT

Alida's plant consists mainly of extruding, printing and bag-making machines which are maintained by its own specialist employees. All major items of machinery have been installed since early 1967, and all twenty-two extruding machines, four of the five printing machines and seventeen of the nineteen bag-making machines are less than three years old. Of these machines, twenty-six are subject to hire-purchase or leasing agreements; the other twenty (including all three extruders) have been purchased outright. It is a cornerstone of Alida's policy to take immediate advantage of significant technical improvements in machinery, its bag-making and printing machines are depreciated over five years and the extruding machines over eight years. These rates of depreciation are intended to enable Alida to replace its plant and equipment as it becomes obsolete. At 1st November, 1971, Alida had on order new plant costing in aggregate approximately £108,000 for phased delivery over the period to 31st July, 1972.

PREMISES

Alida occupies two adjacent freehold premises at Heanor Gate Industrial Estate, Heanor, Derbyshire. None of the buildings is over eight years old and well over half the accommodation has been built for Alida in the last two years. These premises have a total area of approximately 19,945 square yards on which there has at present been built accommodation comprising approximately 84,000 square feet including office accommodation of 5,000 square feet and ground floor factory space of about 73,500 square feet. The premises were valued by Messrs. Frank Innes, Chartered Surveyors, of 14 St. Peter's Gate, Nottingham on 22nd August, 1971, on the basis of their market value with vacant possession, at £316,500. As will be seen from the Accounts' Report, this valuation has been incorporated in Alida's Balance Sheet. The Department of Trade and Industry has confirmed to Alida that industrial development certificates are currently freely available in Heanor, which is part of the Nottingham/Deerby Intermediate Area in which certain of the incentives for regional development (including building grants) are available under the Local Employment Act 1970.

Alida also owns the freehold premises which it formerly occupied at Ilkeston, Derbyshire. These are now let at an annual rent of £442.

MANAGEMENT AND STAFF

Mr. R. H. Morley is 41 years of age and was a co-founder of the business. He is the Chairman and Managing Director and is responsible for long-range planning and overall policy.
Mr. H. A. Coward, who is aged 40, is a co-founder, is 36 years of age. He is the Works Director and is responsible for production planning.
Mr. R. Stone, who is 33 years of age, joined Alida in May, 1969. He is the Financial Director and Company Secretary.
Mr. I. G. Humphreys, who is 33 years of age, joined Alida in July, 1969, and is the Sales Director.
Mr. D. L. Smith, who is aged 36, is a non-executive Director. He is the Director of Northern Darnley Limited, two subsidiaries of which are shareholders of Alida.

Mr. N. Vinson who is aged 40, is a non-executive Director. Mr. Vinson was the founder and is Chairman and Managing Director of Plastic Coatings Limited, the issued share capital of which was acquired by Imperial Tobacco Group Limited in June of this year, having been previously quoted on The Stock Exchange, London.

All the executive Directors have entered into Service Agreements with Alida for 3 years from 1st September, 1971 (Contracts (9) to (12) below).

Alida has approximately 260 employees. The Board is supported by a team of capable young executives, the senior of whom have, during the past two years, invested in Alida's share capital. Relations between management and staff are excellent. Alida is considering the introduction of a pension and life insurance scheme.

PROCEEDS OF ISSUE

The net proceeds of the subscription of 350,000 new Ordinary Shares of 10p each by Singer & Friedlander Limited (Contract (13) below) are estimated to amount to £343,885. Of this sum £80,000 will be applied in discharging a secured loan from Alida's bank and the balance will be available to reduce Alida's bank overdraft and for the purchase of new plant. Taking into account the estimated net proceeds of this issue and the bank overdraft facilities available to Alida, the Directors are of the opinion that Alida has sufficient working capital for its present requirements.

PROFITS, PROSPECTS AND DIVIDENDS

Historic and current trends in the packaging industry suggest that demand for Alida's products will continue to grow. Accordingly in November, 1969, the Directors decided upon a substantial investment programme. This consisted of doubling the accommodation then available and the acquisition of 27 new machines by 30th September, 1971; in addition by March, 1971, the number of employees had been increased to the level required to handle turnover at the rate of £2,000,000 per annum. The short-term effect was to reduce profit margins while the expected

Directors
ROBERT HAYDN MORLEY, Hightree Lodge, 455 Burton Road, Derby
(Chairman and Managing Director)
HAYDEN ALFRED COWARD, Hagghook Wood, Ravenshead, Nottingham
(Works Director)
REX STONE, A.C.A., Tamarind, Ashbourne Road, Cowers Lane, Derbyshire
(Financial Director and Secretary)
IAN GEORGE HUMPHREYS, Brick Kiln Lane, Morley, Derbyshire
(Sales Director)
DAVID LINDSAY SMITH, 23 St. Peter's Avenue, Anlaby, East Yorkshire
(Non-Executive)
NIGEL VINSON, 34 Kynance Mews, London, S.W.7
(Non-Executive)

Bankers
NATIONAL WESTMINSTER BANK LIMITED
34 Bath Street, Ilkeston, Derbyshire DE7 8GW

Brokers
L. MESSEL & CO.
Winchester House, 100 Old Broad Street, London, EC2P 2HX
and The Stock Exchange, London

Solicitors
To the Company:
SHACKLOCK & ASHTON HILL
Pearl Assurance House, Friar Lane, Nottingham, NG1 6BX
JACKSON & MOSS
Malin House, St. Mary Street, Ilkeston, Derbyshire DE7 8BH
To the Offer:
SLAUGHTER AND MAY
35 Basinghall Street, London, EC2V 5DB
Auditors and Reporting Accountants
PEAT, MARWICK, MITCHELL & CO. (Chartered Accountants)
11 Ironmonger Lane, London, EC2P 2AR
and Eldon Chambers, Wheeler Gate, Nottingham, NG1 2NS
Secretary and Registered Office
REX STONE, A.C.A.
Heanor Gate Industrial Estate, Heanor, Derbyshire, DE7 7RG
Registrars and Transfer Office
SINGER & FRIEDLANDER LIMITED
Bourne House, 34 Beckenham Road, Beckenham, Kent, BR3 4TU

Current Assets
Stock and work in progress at lower of cost and net realisable value 140,781
Debtors 480,852
Cash in hand 305
621,888

Current Liabilities
Creditors 403,861
Corporation Tax due 1st January, 1972 58,000
Bank Loan and overdraft (secured) 211,849
673,710

Net Current Assets
(48,222)

Deduct:
Corporation Tax payable 1st January, 1973 48,484
Deferred Taxation Account 38,000
Investment Grants Equalisation Account 35,369
120,853

Net Tangible Assets
At 30th September, 1971 415,154

At 30th September, 1971
At 30th September, 1971 288,856
Less: Estimated costs of the Offer for Sale 45,000
243,856

£667,745
£668,008

Notes:
(a) Certain of the freehold properties have been included above at professional valuation made on 22nd August, 1971. No provision has been made for the potential liability in respect of corporation tax which would arise if these properties were realised at such professional valuation or for the liability to repay a proportion of building grants in the event of disposal of the properties before July 1976. The potential liabilities, based on the current corporation tax rate, aggregated £43,861 at 30th September, 1971 but would be reduced to £31,412 by July 1976 in respect of the liability for repayment of building grants which would cease.

(b) The mortgage is repayable by 22nd August, 1974.

(c) The amount due under hire purchase contracts amounting to £47,555 is exclusive of full interest and comprises £23,899 due before 30th September, 1972 and £23,656 due thereafter. These hire purchase contracts relate to fixed assets having a book value of £118,703 at 30th September, 1971.

(d) The provision for corporation tax payable on 1st January, 1973 represents tax at 40 per cent. on the profits for the year ended 30th September, 1971 (which will be included for tax purposes in the results for the year to 31st March, 1972).

(e) At 30th September, 1971 there were contracts for capital expenditure amounting to £123,604. No further expenditure had been authorised by the Directors.

(f) Dividends: No dividends have been paid by Alida since its incorporation.

(g) Accounts: No audited accounts of Alida or of its subsidiaries have been made up in respect of any period subsequent to 30th September, 1971.

Yours faithfully,
PEAT, MARWICK, MITCHELL & CO.
Chartered Accountants.

STATUTORY AND GENERAL INFORMATION

Offer for Sale
Under Contract (13) below, Singer & Friedlander Limited has agreed, subject to permission to deal in and quotation for the whole of the share capital, issued and now being issued, of Alida being granted by the Council of The Stock Exchange, London not later than 26th November, 1971, (a) to purchase 700,000 fully paid Ordinary shares of 10p each and (b) to subscribe for 350,000 new Ordinary shares of 10p each, in each case at a price of 84p per share less a commission of 12 per cent. The costs, charges and expenses of and incidental to this Offer for Sale, excluding the commission referred to above but including the preparation, printing, publication and advertising thereof, the increase and subdivision of Alida's share capital and the capitalisation of reserves referred to below, the revision of the Memorandum of Association and the adoption of new Articles of Association by Alida, the quotation fees payable to The Stock Exchange, London, all legal and accountancy expenses, all capital duties and other miscellaneous expenses and a fee to Singer & Friedlander Limited are estimated to amount to £45,000 in the aggregate and are payable by Alida. Singer & Friedlander Limited are paying an underwriting commission of 12 per cent. on the price of the shares offered for sale and a fee to the Solicitors. The minimum amount which, in the opinion of the Directors, is required for the matters mentioned in Paragraph 4 of the Fourth Schedule to the Companies Act 1948 is nil.

Memorandum and Articles of Association and Share Capital
Alida was incorporated in England on 8th April, 1968 as a private company under the Companies Act 1948 and on 31st January, 1970 had an authorised, issued and fully paid share capital of £300,000 divided into 3,000,000 Ordinary Shares of £1 each. On 17th January, 1969, the authorised share capital was increased to £350,000 by the creation of an additional 50,000 Ordinary Shares of £1 each which were issued to the subscribers of the Memorandum of Association on the acquisition of the issued share capital of Alida Extrusions Limited (Contract (1) to (3) below). On 18th October, 1971 Alida revised its Memorandum of Association. On 11th November, 1971 each Ordinary share of £1 was subdivided into 10 Ordinary shares of 10p each. The authorised share capital was further increased to £400,000 by the creation of an additional 340,000 Ordinary shares of 10p each. 214,000 Ordinary shares of 10p each were allotted and issued as fully paid to the existing shareholders in proportion to their holdings by way of capitalisation of reserves, including part of the capital reserve arising from the revaluation of Alida's premises referred to above, and Alida adopted new Articles of Association and new Memorandum of Association on the same day. 350,000 Ordinary shares of 10p each were allotted to nominees of Singer & Friedlander Limited pursuant to Contract (13) below.

Articles of Association
The Articles of Association contain provisions (inter alia) to the following effect—

(i) Every member of the company shall have one vote on a show of hands and upon a poll every share of which he is the holder.

(ii) The Directors shall be paid out of the funds of the company by way of remuneration for their services such sums as may from time to time be determined by the company by ordinary resolution and such remuneration shall be divided among the Directors in such proportion as they may determine or, in default of such determination, equally.

(iii) The Directors shall also be entitled to be paid their reasonable travelling, hotel and other expenses incurred in the performance of their duties as Directors. The minimum amount which, in the opinion of the Directors, is required for the matters mentioned in Paragraph 4 of the Fourth Schedule to the Companies Act 1948 is nil.

(iv) Directors may from time to time appoint one or more of themselves to be Executive Directors for such period and upon such terms as they may determine; an Executive Director shall receive such remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Directors may determine, and either in addition to or in lieu of his remuneration as a Director.

(v) A Director may hold any other office or place of profit under the company (except that of Auditor) in conjunction with his office as Director, and may act in a professional capacity for the company, on such terms as to remuneration and otherwise as the Directors shall determine.

(vi) A Director, notwithstanding his interest, may be counted in the quorum present for the purpose of considering the appointment of himself or of any other Director to hold any office or place of profit under the company or the terms of any such appointment or the remuneration of such Director.

(vii) The Directors may exercise all the powers of the company to grant pensions, annuities or other allowances or holding company of the company or the dependants of any such person who has not been an Executive Director or former Director or office or place of profit with the company the sanction of an ordinary resolution must first be obtained. Borrowings of the company and/or (as far as is possible) of control cannot be given by the company.

(viii) (excluding inter-company borrowings) shall not without the previous sanction of an ordinary resolution exceed twice the aggregate of the issued and paid up share capital of the company and the consolidated capital and revenue reserves (as defined in the Articles of Association and adjusted as therein mentioned) of the company.

The statutory provisions as to an age limit for Directors apply.

Subsidiaries
Alida Extrusions Limited and Alida Engineering Limited were both incorporated in England as private companies under the Companies Act 1948 to 1967; each has an authorised, issued and fully paid share capital of £1,000 divided into 1,000 Ordinary shares of £1 each.

Contracts
The following contracts (not being contracts entered into in the ordinary course of business) have been entered into during the two years preceding the date of this Offer for Sale and are or may be material—

(1)–(3) Dated 31st January, 1970 being transfers of the whole of the issued share capital of Alida Extrusions Limited effected by Mr. R. H. Morley, Mr. H. A. Coward and Mr. R. Stone respectively as transferors in favour of Alida or its nominee in consideration of the allotment by Alida of a total of 1,000 Ordinary shares of £1 each.

(4)–(5) Dated 4th July, 1970 being transfers of the whole of the issued share capital of Alida Extrusions Limited effected by Mr. R. H. Morley, Mr. H. A. Coward and Mr. R. Stone respectively as transferors in favour of Alida or its nominee in consideration of the allotment by Alida of a total of 1,000 Ordinary shares of £1 each.

(6) Dated 26th January, 1971 between S. & W. Barnard Limited (1) and Alida (2) being a conveyance of land and buildings at Heanor Gate Industrial Estate, Heanor, Derbyshire, at a price of £210,000.

(7) Dated 15th October, 1971 being a letter whereby Mr. R. H. Morley, Mr. H. A. Coward and Mr. R. Stone agreed to transfer to Alida the whole of their interest in the shares of Alida Extrusions Limited, at a price of £200,000.

(8) Dated 29th October, 1971 between Messrs. R. H. Morley, H. A. Coward and R. Stone as vendors (1) and Alida (2) being a memorandum confirming the terms of a verbal agreement entered into by the parties on

11th November, 1971.

We have examined for periods relevant to this report the audited accounts of Alida Packaging Co. Limited ("Alida") and of its two subsidiary companies, both of which are wholly owned, Alida and its subsidiaries are hereinafter referred to as "the Group". We report as follows—

1. Turnover and Profits: The combined turnover and profits of the Group, arrived at on the basis stated in Note (1) below, were as follows—

Year ended 31st March 1971

Combined turnover before depreciation and taxation (1)

Combined profits before depreciation and taxation (2)

Depreciation (3)

Combined profits after depreciation and taxation (4)

1968 (51 weeks)

1969

1970

1971

6 months ended 30th September, 1971

Notes:

(i) The combined profits shown in Column (5) above are stated before providing taxation, but after charging all working expenses, depreciation, interest and directors' emoluments and after making such adjustments as we consider appropriate.

(ii) March, 1969 was not available although we understand that a physical inventory was undertaken at each accounting date. We have therefore been unable to satisfy ourselves that such stocks and work in progress were valued on consistent bases and we are therefore unable to confirm the allocation of the aggregate profit achieved from the incorporation of Alida on 8th April, 1968 until 31st March, 1970 between the relevant accounting periods. However, the auditors during that period, Messrs. N. W. Denman & Co., Chartered Accountants, have informed us that complete records were available to them and that they were satisfied that stocks were properly taken and valued on a consistent basis.

(iii) Depreciation is not provided on freehold property. Depreciation (calculated with quarterly rates) is provided: (a) on bag-making and printing machines at 20 per cent. per annum on cost (b) on extruding machines at 12 1/2 per cent. per annum on cost (c) on motor vehicles at 25 per cent. per annum on cost and (d) on fixtures and fittings at rates of 10 per cent. and 5 per cent. per annum on cost. Depreciation shown in column (4) above is stated after deducting transfers from Investment Grants Equalisation Account based on the foregoing rates.

(iv) The emoluments of the directors of Alida amounted to £14,734 in the year ended 31st March, 1971 and £10,217 in the six months ended 30th September, 1971; had the present arrangements been in force the amounts payable would have been £25,000 and £13,000 respectively.

2. Net Tangible Assets: The following is a statement of the net tangible assets of Alida and of the Group respectively, based on the audited balance sheets at 30th September, 1971 after making such adjustments as we consider appropriate including the proceeds of the issue by Alida of 350,000 Ordinary shares of 10p each at 84p per share and after deducting the estimated expenses of the Offer for Sale.

Alida

Fixed Assets

Freehold property at cost

at valuation (Note (i))

Plant, machinery, fixtures and fittings (at cost)

Less: Depreciation

Motor vehicles (at cost)

F.T. SHARE INFORMATION SERVICE

HOTELS AND CATERERS—Continue

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INDUSTRIAL (Miscellaneous)—Continued

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The GEORGE FISCHER GROUP

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"£ in the pocket"—a Tory version

BY C. GORDON TETHER

A SPEAKER at last month's Tory Party conference struck a dissonant note by seeing a connection between Mr. Heath's undertaking not to take Britain into the European Community without the full-hearted support of the people and Mr. Wilson's assurance that the 1967 devaluation would not reduce the value of the £ in the pocket.

Another way in which the Government seems to be running a serious risk of creating such a rod for its own back is by continually proclaiming that Britain is on the brink of a great surge forward which will set living standards rising at a faster pace than ever before and simultaneously disperse the unemployment bubble. For, with the international economic environment changing at the pace it has been of late, such predictions could easily be completely falsified.

The Tory Party's potential "£ in the pocket" cry, which has taken two main forms, the first hinges on the proposition that the liberalising effect of the new strategies the Government has been developing since it came to power 17 months ago will be such as to banish the blight from which the nation's economic life has suffered during the past 10 years.

The signs

The signs are, declared the Chancellor of the Exchequer in a recent major speech, that the economy is now moving into a sustained period of growth at a rate considerably higher than for a good many years.

The other way in which the Tory Party has been giving assurances to the public that it could eventually come to regret as deeply as the Labour Party has the "£ in the pocket" one is concerned with entry into the EEC. Britain was standing "on the threshold of a period of growth and prosperity unparalleled since the war," said the Prime Minister in giving the Tory Party conference a preview of the "new Britain" that would be emerging from the EEC. And Tory party leaders have been feverishly handing out similar promises by the dozen at meetings all over the country.

Night and day

Higher living standards, more generous social payments, longer holidays, shorter working hours, less unemployment and any other amelioration of the British way of life you could think up—all the public has been encouraged to believe would flow from entry into the Common Market with the same certainty as night follows day.

Taking the shorter-term aspect of the Tories' current "prosperity" is just around the corner theme first, it is a fact that many countries besides our own have discovered that economic horses are nowadays apt to display a most inconvenient disinclination to drink even when they are brought extremely close to the water. And one would have thought that this pointed to the need for most cautious prognostication about the effects of the Government's new strategies even before taking account of the changing character of the world economic climate.

Surely it would have been equally wise to refrain in any case from regarding the benefits to be reaped from entry into the EEC just in case the anti-marketisers have been feverishly handing out similar promises by the dozen at meetings all over the country.

Confidence

The deterioration in the world economic climate and the unhappy implications this has for an EEC expansion movement that was already showing signs of losing momentum in more than a passing sense have made it even more important to soft-pedal Britain's prospective EEC harvest.

Indeed the Government must itself be aware of this. For at the same time as Mr. Barber was speaking in London of the forthcoming British boom as though it was as near a certainty as the sun rising, Mr. Barber was warning a German audience that the world faced a real danger of economic recession.

Since it is so difficult to get economic expansion under way without inducing the business community to take confidence, one must expect Government to err on the British side when presenting their views of the future. But to encourage hopes that are manifestly liable to prove false, is apt to be counter-productive. The Tories should now do some hard thinking about where the balance can most realistically be struck.

THE LEX COLUMN

Options in corporation tax reform

The Government's proposal for a corporation tax reform aimed at equalising the tax burden on distributed and retained income appears to have been universally welcomed in industry. But the only published data as to the Government's specific proposals, the Green Paper, left industry with preoccupation on at least three scores. The first was the way a two-rate system was presented as being preferred to an "imputation" system; the second was the absence of any special measures for the group with largely overseas income; and the third was the proposal that intergroup dividends would have to be treated on a net of tax basis.

Official thinking

There are now reasons for thinking not only that the Government's mind is more open on these three issues, but that it is if anything positively inclined to reverse its original view, in particular on the third proposal. The reasons emerged in a seminar on tax reform last

week, at which the Financial Secretary to the Treasury was extended their *avoir fiscal* to a speaker. Though the two-rate system was judged administratively simpler at home, some of the considerations which had led the West German Government actually to switch from its two-rate to an imputation system next year had caused the Government here to feel the latter might be "equally acceptable."

The international considerations are not in themselves overwhelming. The international tax expert J. van Hooten, recalling the Van den Tempel report's recommendation of the classical double tax system (in 1970) and the rejection of proposed tax changes by both Dutch and Italian Parliaments, argued that total tax harmonisation was neither necessary nor likely within the EEC. Equally, the Financial Times tax correspondent John Chown, who has estimated the cost to the U.K. of a two-rate system at £30-40m, decried in particular on the third proposal. The reasons emerged in a seminar on tax reform last

Industrial plea

But an unequivocal case for the imputation system was pleaded by the head of taxation at Shell, on two relatively intangible grounds. The first concerned the need for certainty over taxation in corporate planning; the problem with a two-rate tax system is that where taxation depends on distribution, the actual cash return of an investment project will depend on a future and unknown dividend policy. Shareholder and company tax can be lumped together in a macro-economic framework but not for corporate cash flow purposes. The second point was that a two-tier rate has the visible effect of increasing apparent earnings on a higher payout, and this could arguably encourage distribution rather than produce the neutral effect the Government apparently desired.

Now a moment's thought

shows that a spokesman for one of the U.K. major oil companies is not necessarily unbiased over the choice of systems. Since BP and Shell totally lack any U.K. corporation tax charge, they can only hope for special dispensations under either of the proposed schemes. But the point is that it is very difficult to see how any special treatment could be accorded such companies under a two-rate tax system.

This is where the predominantly overseas earners can take heart from Mr. Patrick Jenkins' words, for in addition to dispelling any apprehensions about a change to net intergroup dividends, he made it clear that the Government is anxious to avoid any change which would produce a bias against the big invisible earners. Since it had already been apparent in the Green Paper that the full amount of any U.K. tax charge would be available for dividend relief, this new hint could be evidence of a pragmatic approach, whereas the strict logic of the French system, with its *précompte*, excludes any kind of relief for

domestic tax which has not been paid.

On balance, therefore, it would be a reasonable bet at this stage that the system to be chosen will be imputation rather than a two-rate tax on the one hand, and on the other that there will be some special dividend relief for the predominantly overseas earners. The bet is only attractive if the odds are favourable, and from the stock market angle the potential areas of interest are the oil, and the like of BAT, and Coats Patons and, as has been noted here before, the preference sector.

Discounting at work

Now in the case of preference shares, the stock market in its wisdom has already been doing some work at discounting the probabilities, so that by Wednesday the yield on the Burnham 8 per cent. issue for example was down to 8.3 per cent. (as against 9.1 per cent. for that company's 9 per cent. Loan Stock 1991/96), the fall in the price of the issue so

since then must presumably be the reflection of a rather special technical position to judge by the unchanged 8.3 per cent. yield on ICT's 5 per cent. counter.

The conclusion here could be, then, that the gamble has gone far enough for the present. As to the overseas earners, one cited above has underperformed the market over the past three months, but in no case can one say for certain that all for the oil and the like of BAT, that the threat of a corporation tax change is a prime factor. The insurance sector, meanwhile, seems unlikely to be much touched either way for the moment, since a U.K. underwriting recovery should give most of the groups an adequate U.K. tax liability. This leaves one speculating whether the recovering gold sector (and perhaps the still buoyant overseas plantations groups) will find the prospective net dividend yield to U.K. investors an inhibiting factor. To the extent that the markets are made in London this would logically be so.

Commons statement on Compton report to-morrow

BY PHILIP RAWSTORNE

WITH further strains likely to be imposed on the Government's Ulster policy to-morrow by the report of the Compton inquiry, Mr. Harold Wilson to-day begins a five-day visit to Northern Ireland and Eire in the continuing search for a new way out of the crisis.

Sir Edmund Compton's long and detailed report, it is understood, will clear the Ulster security forces of general charges of brutality against detainees. But the inquiry's findings about the treatment of some individuals are expected to arouse enough disquiet to afford more scope for critics of the interment policy.

Policy success

Mr. Reginald Maudling, the Home Secretary, is expected to make a Commons statement on the report to-morrow. He may defend some of the tough action taken by the security forces by stressing the "near-war" conditions in Ulster and by pointing to recent successes the Government's policy has won against the IRA.

But the Government is unlikely to avoid embarrassment from the use that will be made of the report in the Ulster propaganda war.



Sir Edmund Compton

It could for instance make the co-operation of Mr. Jack Lynch, the Republic of Ireland Prime Minister, with the British Government more difficult. It was denied in Whitehall yesterday that there had been any rupture in relations between the two Governments in recent weeks and it was emphasised

that plans for another meeting between Mr. Lynch and the Heath—expected before the end of the year—were unchanged.

The inquiry's results should certainly provide new incentive to both Government and Opposition at Westminster to find a fresh approach to the problems of Northern Ireland.

Mr. Wilson, already well-briefed by the three governments and other parties involved, goes to Belfast to-day for a further round of talks that will include leading churchmen and others of influence outside the political groups.

He will go from Belfast to Dublin later in the week for discussions with Mr. Lynch and other Irish politicians before returning to London on Friday.

Callaghan report

The Leader of the Opposition was given a report by Mr. James Callaghan at the week-end on his visit to Ulster last week for talks with Irish Labour leaders. Nothing that emerged at that meeting appears to have increased the optimism about a breakthrough. But Labour leaders hope to formulate at least the tentative foundations of a new policy in time for the Commons debate on Northern Ireland next week.

Wilson starts visit today

BY JOHN GRAHAM

THE Northern Ireland Government and the Protestant community regard Mr. Wilson's visit to the island as the most important political event for a long time. There is certainly the possibility of large-scale protest.

The details of his visit have still not been announced, and there will be thorough security precautions so long as he is here. He will see Mr. Brian Faulkner, the Prime Minister, as well as elected representatives of the Catholic community.

Mr. Wilson is identified completely with the abolition of the "B" Specials and the disarming of the police. Both of these are still bitterly resisted by the majority here, even though the policy are now being steadily reformed.

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There is not only a good deal of anxiety and resentment over Mr. Wilson, but also some apprehension at the publication of the Compton report. Almost everyone seems to know in advance that the report will not be entirely favourable to the British Army. Recognising the delicate state of public opinion at the moment, Mr. Faulkner banned all far higher than anywhere else in the U.K.

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BBC office in New Delhi may reopen

NEW DELHI, Nov. 14. THE BBC is likely to be allowed by the Indian Government to reopen its office in New Delhi.

Representatives of the Indian Government, who are in London for talks on the office which was closed about a year ago when Mrs. Indira Gandhi, the Prime Minister, made the unusual gesture of allowing herself to be interviewed by its representative

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Tough pay stand likely by engineer employers

By Alex Hendry

ENGINEERING employers are expected to take a tough line to-morrow when they reply to the unions' demand for an extra £700m, a year to swell their members' pay packets.

The unions want an across-the-board increase, improved minimum rates, longer holidays, equal pay, and a shorter working week.

They are likely to be offered a small improvement in minimum rates with nothing across the board and no invariable defence of the existing 40-hour week.

This increases the possibility, as reported in the Financial Times last week, that the gap between the two sides would be so great that the national talks would break down.

Union leaders would then have to take the claim to individual employers as the draughtsmen have been doing since the beginning of the year when their national negotiations broke down.

German metal union may call strike to-day

BY CHRISTOPHER LORENZ

LEADERS of the West German Metal Workers' Union will meet to-morrow to decide whether to call a strike in the Stuttgart area, one of the country's metal industry centres, over their disputed 11 per cent wage claim.

Following a ballot of union members, all the indications are that a stoppage will be called, although the employers to-day made what seems to be the first move to reopen the deadlocked negotiations.

The vote, held on Friday in the North Baden-North Württemberg negotiating area, produced a 90 per cent majority in favour of industrial action—3 per cent more than is needed to allow the union to proceed with strike preparations.

North Baden was the first of the country's 30 negotiating regions to go to mediation, and the first in which the established machinery has failed to produce an agreement. Another key region, North Rhine-Westphalia, is in the process of mediation. Here the attempt to produce a mediation proposal acceptable to at least one side is proving so difficult that the deadline for industrial action has been extended to-morrow until Thursday.

North Baden and North Rhine-Westphalia are the two key areas in the country's wage talks. Together, accounting for about 1.5m. of West Germany's 4.5m. metalworkers. The settlements reached here will have a strong influence on those elsewhere.

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Mobil plans to expand refinery

BY ADRIAN HAMILTON

MOBIL OIL has announced plans for a major £13.5m. expansion programme to its refinery at Coryton, Essex. The programme, expected to be completed in 1973, will raise capacity from 140,000 barrels-a-day throughput to 180,000 barrels per day.

In addition to "de-bottlenecking"—or streamlining—the crude distillation unit, capacity of the reformer section is to be improved and crude oil storage capacity is to be raised with installation of two 650,000 barrel tanks.

At the same time, distribution facilities are being improved with the construction of a new £1m. rail loading equipment, now being undertaken, and increasing the jetty loading facilities on the Thames Estuary.

The move comes within two years of the completion of a £20m. project to double refinery capacity at Coryton with the addition of a large crude oil distillation unit and other plant.

Mobil's decision to raise the capacity again reflects the general rise in oil demand following the energy crisis of last winter.

Although consumption growth has slackened recently with the mild weather, most of the major oil groups now feel that demand is likely to press against available processing capacity for some years to come.

Shell, for instance, has now announced plans to more than double capacity at its Shell Haven complex at the cost of about £50m. and is now raising capacity at its Stanlow refinery from 300,000 barrels to 380,000 barrels a day.

Burmah is also increasing its processing capacity at Ellesmere Port while Amoco is building a new refinery at Milford Haven.

Other "green site" complexes are planned by Burmah-Total, Occidental and Mureco-ENI in the South-East.

U.K. expansion

Total refinery capacity in the U.K., which now stands at about 2.25m. barrels a day, is expected to rise to over 2.7m. barrels a day by 1973 and to more than 3m. barrels a day by 1975.

Norsk Hydro, in which the Norwegian Government has a controlling interest, and Norsk Braendseleolie, a Norwegian oil company closely associated with British Petroleum, have finalised an agreement to build a jointly owned oil refinery at Mongstad, West Norway.

Norsk Hydro will have a 60 per cent interest in the refinery, and Norsk Braendseleolie 40 per cent. It will have an initial capacity of some 4m. tons per year, and construction cost is now estimated at about £50m. Completion is envisaged by end-1974 or early 1975.

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